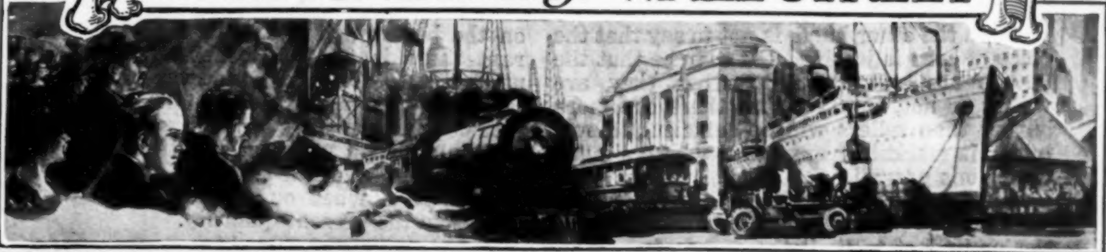
The MAGAZINE of WALL STREET



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INVESTMENT & BUSINESS TREND

Business Problems of Today—Exaggerated Market Movements—Outlook for Prices—Troubles Abroad—The Market Prospect

DURING the war and the succeeding period of inflation, the demand for goods reached a scale which it was seemingly impossible to supply. This enormous demand consumed the productive capacity of the larger corporations and the overflow went to the smaller companies and private firms which for the time being benefited from the inability of their larger competitors to meet the then existing cry for goods.

Conditions have changed appreciably in this respect during the past few years. The inflation bubble has burst. Prices are no longer on a scale to permit enormous profits unless the volume of transacted business is on a large scale. Most of the successful companies are to-day operating on a small margin of profit per unit of manufacture. The slightest variation in price, particularly, as is usual, when it is accompanied by a shrinkage in business has a very important effect on the net profit. It is for this reason that even the larger companies thus far this year have been unable to show as satisfactory a rate of profit as during the previous year when prices were higher and the demand on a really large scale.

What the position of the smaller producer must be may well be imagined from existing conditions which have generated intense competition. Handicapped by high labor charges and a small volume of output at low prices, the minor companies are finding it difficult to operate on a profitable basis. It is particularly among this group that the newer conditions have compelled either cessation or reduction of dividends. The more important companies, not only well fortified with large liquid reserves, but in a position to command a proportionately larger share of the available business than their smaller competitors, have as a rule found it possible to continue their dividends and, in some cases, to increase them.

The moral to investors should be clear, particularly to the small investor, to whom the safest avenue of investment is generally offered by the securities of those companies which are most strongly intrenched in their respective fields.

"UNWARRANTED SPECULATION"

THE inexperienced investor is apt to be mystified by the unusual convulsions which at times drives prices of securities or commodities up or down to what seems unwarranted levels. The corn market is a good instance in point. Fluctuations in recent weeks of seven and eight cents a bushel in a single day must indicate the scope of the speculative influences that are at work. Speculation feeds on mystery or the unknown. The larger the element of uncertainty, the greater the possibilities for high-geared speculation. A product, the value of which is known to many, obviously has no basis for wide fluctuations. In the case of corn, the uncertain outlook for the crop, is the conditioning factor which has laid the foundations for the greatest speculation seen in this market for years. In such a situation, where uncertainty prevails on a large scale, it is obvious that the relation between prices and values may frequently be artificial.

In the final analysis, prices are made by the interplay of supply and demand. Corn could not have risen to the present high levels were there not more buyers than sellers.

This, on the other hand, is not to say that the price of corn is justified. It may be that the buyers are wrong but whether they are wrong or not, the fact that there are more buyers than sellers will be sufficient to sustain this market or any other where similar conditions prevail.

It is for this reason that it is so difficult to stabilize the price of securities or commodities or in fact to limit the scope of speculation. Activity of a speculative nature largely depends on the conflict of ideas as to the outlook. Were we all to believe the same about any given situation, there could naturally be no room for speculative play. To say therefore, as some do, that speculation is the product of the devil is beyond the point. The fact is that speculation is the result of imaginings of men on conditions which they too frequently do not understand. After all, we must deal with realities if we are to function more or less efficiently and not depend on pretty idealisations.

EUROPE IN DIFFICULTIES

It is reported that as a result of the settlement of the Reparations problem, a rapproachement is nearing between those two inveterate enemies, Germany and France. Economic considerations frequently transcend political exigencies. The fact is that France requires Ruhr coke for her furnaces and Germany can easily use Lorraine iron. Industrialists of both countries are working toward an agreement to operate in harmony with the objective of finally controlling between them the industries of Europe. In the meantime British coal and iron interests are apprehensive lest the Franco-German entente affect their hitherto strong position on the Continent. Over a million workers in England are unemployed and it is more than possible that there will be even greater unemployment once the French and Germans get to working in the same economic cause. It seems that peace has its penalties for some nations, as well as war.

PRICE OUTLOOK

THE average price of commodities, largely because of a great rise in the grains and livestock, shows an increase for the first time in nearly a year. To some, this has appeared as the consequence of the influence of our large gold reserves which are imagined to have brought on the beginnings of inflation. What warrant there is for this belief is difficult to understand. Our gold reserves have been regularly increasing during the past few years. We had nearly as much gold last year as this and still no inflation. The last real period of inflation in this country occurred in 1919-1920 when our gold reserves were far below the present quantity.

As a matter of fact, the recent rise in commodities has in reality been a very minor one except in the case of the grains, and has been due simply to the fact that supplies have been limited during the past few months owing to general reduction of output and that buyers are again coming into the market. It is certain that these buyers are not at all motivated by the gold supply situation. That is not the way in which business is conducted. People buy because they need goods or think they need goods, not because the gold supplies are large.

THE MARKET PROSPECT

UP to the end of last week the reaction in fifty leading active stocks amounted to about 33 per cent of the May-August advance. Of this about 40 per cent was in the industrials and 28 per cent in the rails. A number of overboomed industrials have been readjusted marketwise, thus removing numerous weak spots in the technical situation.

The passing of the American Woolen dividend in spite of the assurances given by its President a few months ago was regarded as a knife-thrust into the market, and left the way open for a spell of bear raiding. Thus the long interest is reduced, the short interest greatly increased, and the technical position made stronger.

With a number of leading industries in a strong or improving position, and some others still in an unsatisfactory condition, the present should be regarded as affording opportunities for traders rather than for investors. The uncertainties of the political situation, of course, are an added factor in making a neutral attitude advisable.

Note: Several stocks, analyzed in this issue, and on which an unfavorable position was taken, have already declined. While our position on these stocks has proven justified, we regret that subscribers were prevented from taking advantage on account of the rapidity of the decline which took place after the articles had already been printed.

Monday, September 8, 1924.

If Coolidge Should Win—

Would the Republican view that "a vote for Coolidge is a vote for prosperity" be borne out by subsequent events?

If Davis Should Win—

Would the Democratic theory that the interests of ALL the people would be served be upheld?

If La Follette Should Win—

Would the economic overhauling this candidate urges redound to the best interests of the country as a whole?

Emphatic and obviously sincere answers to each of these questions will be found in the symposium of authoritative opinion appearing on the pages that follow. Five prominent leaders of business thought state their views, including Irving Fisher, John A. Topping, William H. Johnston, Daniel C. Roper and W. T. Galliher.

Perhaps the most significant feature of these statements is the view of each writer that the election of his favorite candidate would benefit business men and investors. Evidently, the leaders of each of the three parties are alive to the needs of business however much their methods may differ.

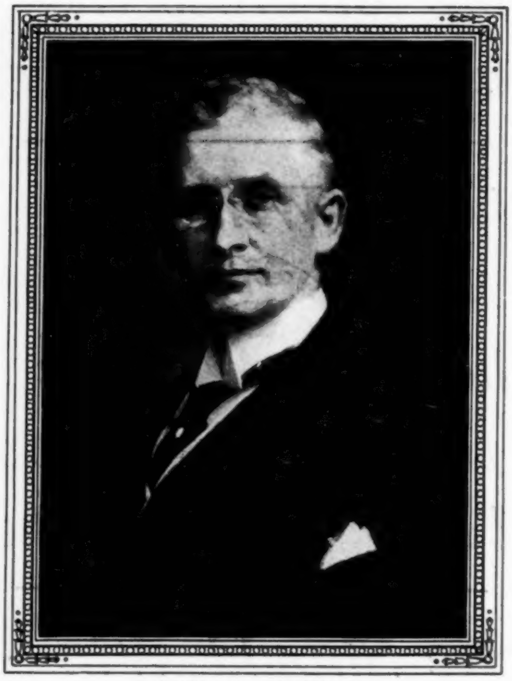
"A Vote for Coolidge Means a Vote for the Continuance of American Prosperity"

—*JOHN A. TOPPING*

As the Democratic Platform commits the Party to reform the Tariff, by fixing duties on imports on a Revenue basis, or in other words, to establish a competitive tariff, Democratic success at the Polls, would mean business disturbance of serious proportions.

Even at present, imports of Iron and Steel are uncomfortably large, particularly at seacoast points, and of course, any reduction in import duties would only give foreign producers greater ability to increase exports to this country, unless *our labor was placed on a competitive European basis.*

This country is now in a weaker defensive position than ever before, due to the fact that labor costs and freight rates are abnormal, while on the other hand, foreign producers, particularly Germany, France and Belgium, were never stronger, because their labor costs, as related to current wages in this country, are subnormally low.



JOHN A. TOPPING

Chairman, Republic Iron & Steel Co., whose business interests are wide-flung

For instance, common labor in Germany is now paid about 40 cents per day gold, as compared with $4 to $5 per day here for common labor, while our skilled labor is even relatively higher. This difference in cost cannot be overcome by *labor efficiency or labor-saving devices.*

Labor, in other producing countries of Europe and the British Isles, is higher than Germany, but in none of these countries is the maximum labor cost more than one-half of our present cost. Then again, freight costs are lower and foreign mills are generally close to waterways, and as is well-known, rail competition with waterways, is out of the question. This freight disadvantage is emphasized when it is considered that in assembling raw materials for Iron and Steel manufacture, we have to move about six tons of raw material to produce one ton of finished product.

What is true of Iron and Steel, applies to most all staple products, where labor and transportation are big factors of cost. I therefore, do not hesitate to say, that if a Revenue Tariff should follow a Democratic victory, *the American standard of living would speedily pass, for industry here could not exist under present wage rates and compete with foreign producers.*

Under such circumstances, factories would necessarily close down, or the inevitable liquidation of labor would take place as it did in 1913-14, as a result of the *"Underwood Tariff"*, and had it not been for the World War of 1914 and the great demands incident to this war, starvation wages would then have resulted: in fact, wages in 1914 were down to $1.95 per day and would have unquestionably, fallen lower—to-day, wage rates are generally based upon $4 per day for common labor, with relatively higher rates for skilled workers, or more than double pre-war rates.

There are of course, other important questions of Governmental policy involved in the election which if changed, would be disturbing to business stability, but as I view the situation, *Tariff and Taxation are the important issues.*

Therefore, a vote for Davis and Bryan means a vote for competitive European wages, while a vote for Coolidge and Dawes means a vote for the continuance of the American standard of living and business prosperity.

In the interest of presenting the leading economic issues at stake in this important presidential campaign, THE MAGAZINE OF WALL STREET is publishing this unique series of statements. The viewpoints given are typical of the positions of the three contending parties and for that reason they are particularly worthy of study as casting a clear light on the situation. We believe that the intelligent business men and investors of this country will welcome an opportunity to become familiar with the principles on which this campaign is to be conducted so that they may be in a better position to judge for themselves which of these principles merit their support. THE MAGAZINE OF WALL STREET, of course, does not take a political stand in

publishing this article, but this election promises to be of such importance from a business standpoint that to ignore the campaign, we believe, would not be in the interests of our readers. For that reason we propose to continue such comments on the election as seem justified on purely business and economic grounds. We also desire to call attention to the straw vote which we are now conducting, the results of which will be published in the issue of October eleventh.

"From the Standpoint of the Greatest Ultimate Benefit, Davis Should Be the Next President"

—IRVING FISHER

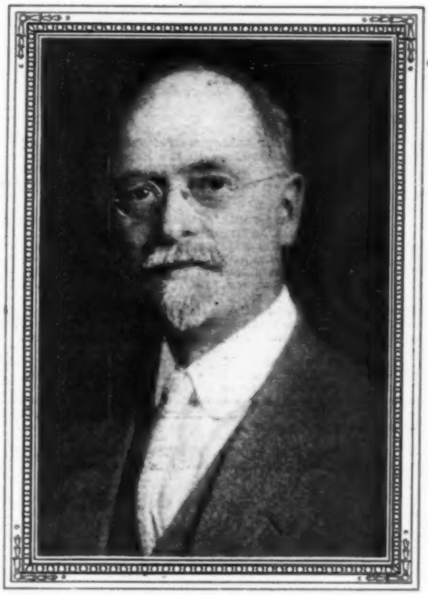
I SHALL take in its most far reaching sense the question which THE MAGAZINE OF WALL STREET has asked as to the effect of the election of Coolidge, Davis or La Follette on business.

I am aware of the fact that "Wall Street" favors Coolidge and that this may presage a temporary rise in the stock market should his election become assured. But Coolidge is a standpatter and the standpatter is seldom the best friend of ultimate prosperity. Had the standpatters had their way in 1913 many of them would have been bankrupt in 1914 when the World War broke out; for in 1913 they had opposed the Federal Reserve Act which in 1914 saved their necks.

From the standpoint of the greatest ultimate benefit to business, Davis should be the next President.

One reason, of itself decisive, in my opinion, is that with Davis in the White House, we should recover our lost world markets. We used to sell Europe half of our cotton and a quarter of our corn and wheat. We do not do so today because Europe's buying power has been almost ruined. This loss of buying power, in turn, is due to the two millstones around Europe's neck—militarism and impossibly big debts. Both these millstones will be lightened if Davis is elected; for that will mean America's entrance into both the World Court and the League of Nations on which two agencies, world peace and reconstruction, most depend.

If proof is needed, look at Austria! Austria is the great object lesson. After being down and out a little over two years ago she is already largely reconstructed, thanks to the plan worked out by the League



IRVING FISHER
Prof. Fisher has achieved a national reputation as an economist and student of business conditions

THE MAGAZINE OF WALL STREET'S STRAW VOTE FOR PRESIDENT

Results thus far obtained from our straw vote for President have exceeded expectations and we believe the final count, when published, will be exceedingly interesting to our readers. In order to cover the widest possible range, we take the liberty of requesting those of our readers who have not yet sent in their votes to fill in the following blank. The identity of the voters, of course, will be held in strictest confidence.

Name ....

Address ....

For President ....

The Magazine of Wall Street, 42 Broadway, N. Y. City

of Nations. This plan includes three features of moratorium an *ad interim* loan and a bank of issue beyond the reach of government inflation. Austria's recovery is the economic miracle of the modern world. Hungary and Albania are now being given similar treatment and the Dawes plan for Germany is patterned on the same League of Nations' model. The Dawes plan is the first big step forward toward European reconstruction in four or five years. That plan, or a more thorough-going one, would have been adopted long ago, as the Austrian plan was, had America played her part. But as soon as America left Europe to her fate France was afraid to allow Germany to recover lest a recovered Germany should attack her again. To insure safety she kept 700,000 men in arms, kept the reparations bill high out of reach and, on the pretext of a default in coal payments, invaded the Ruhr, the seat of German munition making.

Lehigh Valley Railroad Company
143 Liberty Street
New York

E. E. Loomis
President

August 26, 1924.

Mr. E. D. King,
Managing Editor,
The Magazine of Wall Street,
New York, N.Y.

Dear Sir:-

I have your telegram of August 21st asking my opinion, for publication in the Magazine of Wall Street, regarding the possible effects upon American business as a result of the election of Coolidge, Davis or LaFollette.

While I appreciate the opportunity you offer me, I feel it would be improper to avail myself of it at this time. If the railroads were or should become a vital issue in the Campaign, I think it should be entirely proper for railroad men to express themselves in no uncertain terms. However, inasmuch as neither Mr. Coolidge nor Mr. Davis has found it necessary to bring this matter forward as a feature of the Campaign, and Mr. LaFollette's record answers anything he may say, I think the railroads should remain in the background as much as possible.

We have no problems these days requiring outside advice or assistance and if we can only be left alone and freed from the meddlers of one sort and another I think we can continue giving the public the highest standard of transportation, doing our full share to bring back the good times the country needs.

These, of course, are only my own views, intended as an explanation of my attitude in this matter.

Very truly yours,

President.

A CHARACTERISTIC VIEW

Mr. Loomis' statement, above, is characteristic of leading business men to-day whose chief concern is that the successful candidate, whoever he may be, should avoid interference with legitimate business enterprise and progress

Benefits That Would Be Secured Through a Real Foreign Policy

With the Dawes plan, including its use of the League of Nations, and involving an American, even though only a private citizen, on the Reparations Commission, France will feel somewhat reassured. But with a real American foreign policy, directed toward the thorough-going pacification, disarmament and reconstruction of Europe, the results would be far speedier and greater. If American private citizens can do what General Dawes, Owen Young, Norman Davis, Jeremiah Smith and others have done, think what full man-size official American participation would mean!

American business needs to learn that, in these days of world markets, we suffer or prosper with the rest of the world. Our playing the quitter has already cost us dear—billions of dollars of trade depression. Davis' election would mean billions of dollars' worth of added foreign trade as well as more domestic trade to match.

Davis' election would further unshackle trade by lowering the highest tariff that we have ever had.

It would also restore confidence in the honesty of our Washington government. The Fall-Daugherty-Denby scandal hurt business.

While the election of Coolidge would mean that not enough would be done, the election of La Follette would mean that too much would be done. If railway rates were reduced to zero the farmers' hurts would not be healed and, as a matter of statistical fact, railway rates are below, not above, their proper adjustment with other prices. Business, and even farming in the end, will prosper best when railways, the arteries of commerce, pay well enough to attract investors to improve and extend those arteries. La Follette would be a bull in a china shop. On the real problems of tariff reduction and foreign policy he is on the wrong side.

In effect, La Follette offers quack remedies, Coolidge offers no remedies, and neither seems to understand what is the matter with business. Davis is the scientific physician which business sorely needs. He offers the chance, and the only chance, of obtaining a great statesman as our next President.

Owing to the unusual response of leading business men and economists of this country to the recent request of THE MAGAZINE OF WALL STREET for their views on the effect of the coming election on the business classes of the country, we received more statements than possible to publish in a single issue. Much of the material sent us was so excellent that with only the greatest difficulty was it possible to make a selection. In making our selections, however, we were constrained to publish only those statements which bore directly on the business and economic aspects of the campaign. We naturally feel gratified at the immediate response to our requests for statements, of which personal acknowledgment has been duly made. We merely publish this explanatory note to apprise our readers of the fact that the average business and industrial leader of the country is only too anxious to do what he can to help clarify matters to the business and investing classes of the country. This is a matter for congratulation on the part of all concerned.

"*La Follette's Election Would Make for Better Business*"

—WM. H. JOHNSTON

SPEAKING as a business man, as the representative, you might say, of labor in business, I want to make it plain that labor and business and investments are all in the same boat. They are only different aspects of the same thing. We all know that if business suffers labor suffers. So, take it from me that there is nothing to the idea that labor is supporting La Follette because it hopes that he is going to play havoc with American business. Quite the contrary. Personally, I think La Follette's election will make for better business, more of it and a more equitable distribution of its prosperity.

Legitimate business and legitimate investments and investors have nothing to fear from La Follette. So far as Wall Street performs valuable services it has nothing to fear from La Follette. So far as it is a resort of gamblers and speculators in the necessaries of life it does well to fear. So far as it thrives by watered stocks, rigged stock markets, bucket shops or their equivalent, stock dividends, tax evasions, privileges and the like it may well tremble.

The La Follette idea is that this country was never so well off as it was in the days of commercial freedom, before powerful industrial, commercial and transportation interests dominated our political and economic life. We want to bring back that happy condition. We are not opposed to big business, if it is fair and honest. We know that it is indispensable. We are opposed to big business that uses its powers to oppress, to ruin and to crush, to exact unjust profits, to block political reform and destroy popular government.

WILLIAM H. JOHNSTON

Director in two Washington banks, who also supervises extensive real estate and other investments

They tell us that the average investor in securities nowadays is the man with a $2,000 or $3,000 bank roll. There are millions of them. Yet many or most of them are absolutely at the mercy of a few business autocrats. How much better off they would be if they knew that their savings could not be imperilled by the unbridled selfishness of arrogant banking despots, railroad kings and commercial parasites. La Follette will liberate the country again not so much by new laws as by enforcing those on the books—the anti-trust laws, for example. As the La Follette platform puts it, the great issue before the American people to-day is the control of government and industry by private monopoly. That may be good for a few but it is certainly bad in every way for the average man, including the average business man with his Main Street store and the average investor with his few hundreds or thousands of dollars.

Where is economic freedom, and equality of opportunity, for the independent manufacturer who must buy and sell in a trust-controlled market and is suffered to exist only on condition that he does not engage in active and effective competition?

Where is economic freedom, and equality of opportunity, for the small merchant who finds his wholesale and retail prices fixed by trusts and combinations, while he himself is being slowly but surely crushed and forced out of business?

Where is economic freedom, and equality of opportunity, even for the independent banker, who is permitted to participate in the sale of bonds and the financing of new enterprises only by the grace of the great banking syndicates, while he already foresees his early extinction by resistless competition from the branches of the great centralized financial institutions?

I am a director of one of the largest commercial banks in Washington. I am also a director of a prosperous savings bank, the first labor bank in the United States. The machinists have extensive investments, including even some railroad bonds. Do you think I am out to rock the boat? Of course not. I want to make it a better and safer and more comfortable boat. I am confident that every business and investment interest I am connected with will be improved by the adoption and administration of the La Follette policies. I know that they would be hard on some watered railway stocks, but that would be only justice. I know that they look to the ultimate nationalization of the railways, but as a business man I would welcome that because I know that competition and private ownership have outlived their usefulness in transportation. Public ownership is the only possible solution of the crucial transportation problem, and if that is not solved it will certainly go hard with industry and commerce. It is self evident that true business prosperity and investment safety depend upon the maximum collective well-being of the American people. That depends in turn upon the maximum of commercial and financial freedom. And that is what we are aiming at.

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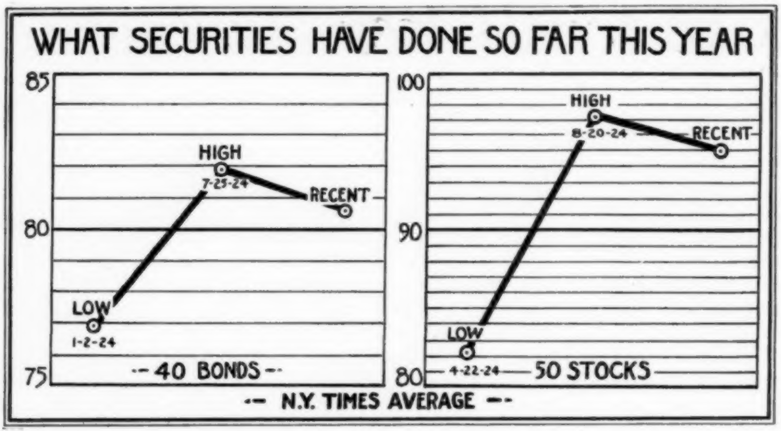
The Time Has Come to



DURING the past few months there have been some tremendous changes in the investment markets. Prices, in this period, have risen to wholly unexpected levels. The stock market has had an average advance of no less than fifteen points (N. Y. *Times* average 50 stocks) in the brief interval from April 22 when the market struck its low point of 82.25 until August 20 when it reached the dizzy levels of 97.17. This refers only to the averages; some stocks scored advances of from 50 to 100 points. Many gained over 25 points.

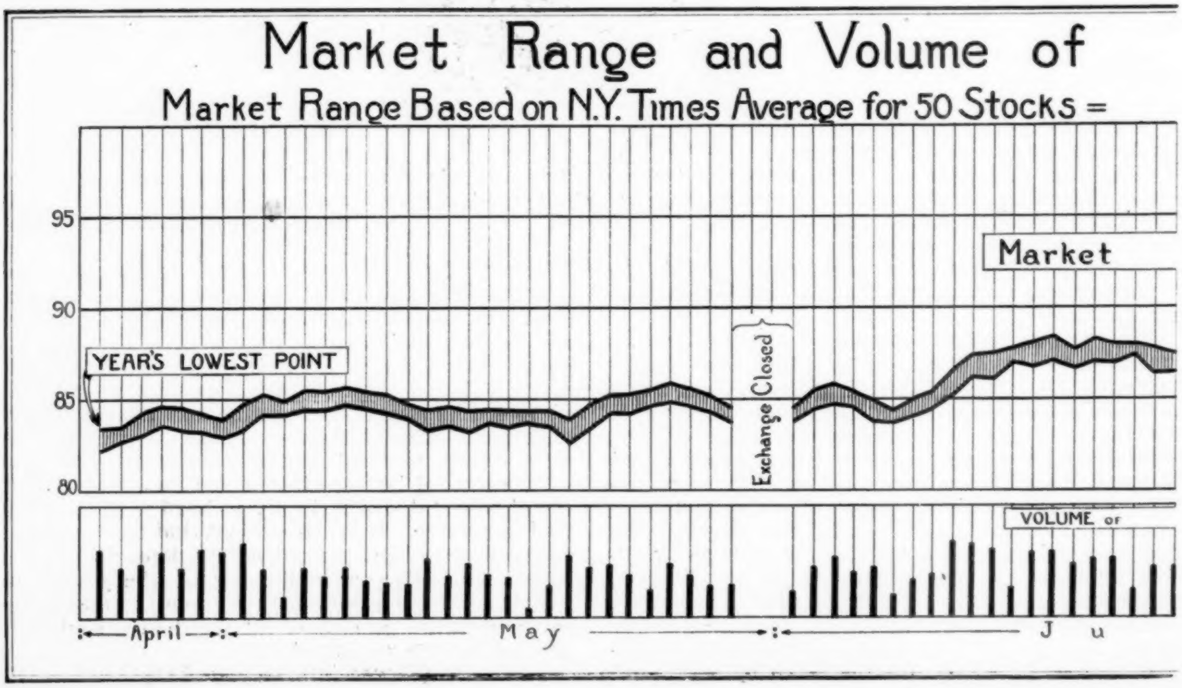
The rapidity of this advance, which added some billions of dollars to the market value of listed stocks, was not only one of the most sensational in the recent history of the stock market but has offered an unexpected opportunity to many investors who had been left high and dry in the last decline to liquidate their securities either without loss or, as in many cases, with handsome profits. That many of them rushed to take advantage of their opportunity may well be imagined.

The spectacle of rising stock prices, however, frequently proves a lure that is difficult to resist and, from observation of the methods of thousands of investors, it is unquestionably true that many who had in the last previous bear market vowed to sell out if they ever again had the opportunity to do so without loss not only failed to do so but got on the band wagon and added to their holdings at top prices in the hope of making a profit.

It is obvious that after a fifteen-point advance in speculative issues, bargains are no longer as frequent as before the advance and it should be the policy of the careful investor to make inquiries into the situation for the purpose of establishing a new position in conformity with any fundamental changes which may have occurred. In other words, investors may with propriety consider the sale of such securities as are no longer selling on an investment basis, either disposing of them for the cash received or switching into other securities in a sounder position as regards price and outlook.

In detail, the situation is about as follows: the bond market has scored an exceedingly sharp advance since the beginning of the year, now showing prices five points on the average above the previous lows. (N. Y. *Times* avg. 40 bonds.) This refers particularly to high-grade issues but many bonds of middle-grade or speculative quality have risen even more sharply. At any rate, the average yield on gilt-edge issues is now about 4½% or slightly higher, which is unattractive for the purpose of the ordinary investor.

It is true, of course, that these issues have advanced in reflection of the cheap money situation but it follows that they will stay at around present high levels only as long as money remains cheap. Only recently, however, there has been a slight change in the trend of money rates with time money, for example, quoted at about ¼% higher than a few weeks ago. Demand for funds for commercial and industrial purposes is expanding somewhat in addition to which there is the decided possibility of large-scale foreign financing, all of which combined will



Adjust Investment Holdings!

Market Movements in Recent Months Have Greatly Changed Conditions — The Present Situation

By
E. D. KING

probably contrive to produce a stiffening in money rates.

Whether or not, however, this situation actually develops, it must be evident that there is nothing to warrant the belief in a still lower money market than the present and consequently there is no reason to expect a further advance in the bond market, speaking generally. For that reason, the holder of bonds yielding a small return at present levels might seriously consider the advisability of selling out, either reinvesting the proceeds where more attractive opportunities still prevail or withdrawing entirely from the bond market to wait for another long-range upward movement such as occurred in the first seven months of the current year.

Of course, the investor who is satisfied to hold to maturity need not concern himself with these propositions but, if content to hold his present position, it is clear that he is in effect sacrificing a good opportunity to utilize his capital to the fullest advantage.

While the above applies more particularly to the position of the holder of high-grade bonds, in a general way it may be said to apply to those who hold other types of bond issues. In middle-grade bonds, for example, where a limited number of individual opportunities may still be had (see Bond Buyers' Guide, page 768) the yield, as a whole, has been reduced by successive advances in the price so that the same favorable situation no longer exists as in the earlier part of the year.

Some of these issues have advanced more than ten points which is a very extensive rise in this type of security. It is obvious that the advantage is now on the side of the seller rather than the buyer. However, with discrimination, the investor will still find a number of issues yielding a good return, though it is to be doubted that there are many cases left where large advances in price may be expected. Additionally, stiffening in money rates would have some effect on these issues so that, on the whole, they are approaching a relatively unattractive position.

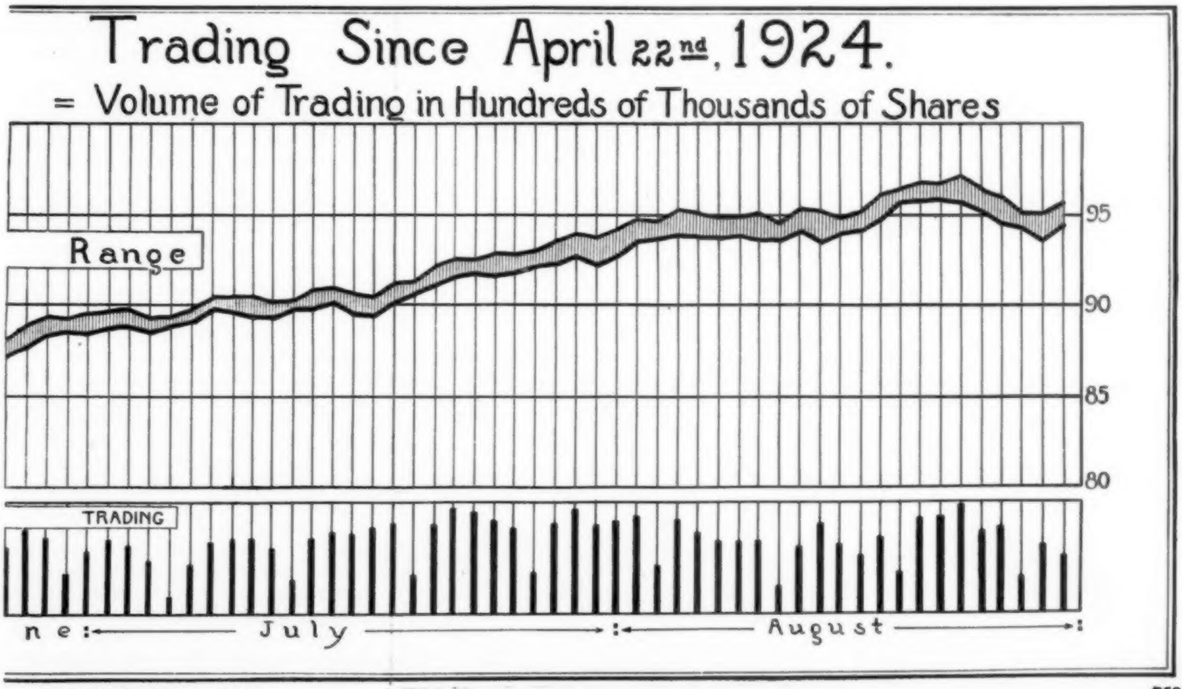
Of speculative bonds, it may be said that this subject cannot be intelligently discussed as a whole. Conditions vary with each bond though to some degree they are all affected by the money market. From the investment viewpoint they should be considered in about the same way as common stocks with the outlook dependent on the position of the individual company. Holders of bonds in the speculative category should at this time make inquiry into the position and outlook of the company which has issued the bond and, if unsatisfactory, they should be discarded. There are, of course, some remaining opportunities in this class of security. Several of the more attractive issues are listed in our Bond Buyers' table.

With regard to the position of the bondholder, therefore, it must clearly be realized that there has already been an extensive advance in the rank and file of these issues and that, while individual opportunities may be had, the general trend is no longer favorable. It therefore behooves each bondholder to give special attention to his holdings at this particular period and make the necessary adjustments.

The situation regarding the holder of preferred stocks in a general way is analogous to the bondholder. High-grade preferreds are selling on about a 5½% yield basis. When a preferred stock like U. S. Steel or American Car & Foundry, for example, reaches a price of 120 or thereabouts, it is no longer cheap. Many preferred stocks are in a somewhat similar position. They should be sold by investors and the proceeds retained for future investment purposes or applied to the purchase of investments which yield a greater return and which in a general way are as secure.

This, to be sure, is not as easy as it sounds because few high-grade preferreds can be found to yield much over 6%. However, there are a few, particularly among the issues which are in reality high-grade, but because of special circumstances are selling at under the prices to which they are entitled by reason of earning power and intrinsic value. We refer readers to the Preferred Stock Guide for a number of such sound issues.

Speculative preferred stocks cannot intelligently be discussed as a class. Suffice



SPECTACULAR ADVANCES IN THIS YEAR'S STOCK MARKET

Common Stocks

	Year's Low	Recent High	Points Advance
Allis-Chalmers	41⅝	66½	24⅞
American Can	95⅞	138⅛	42¼
American Water Works	40	120	80
Assoc. Dry Goods	79	120¾	41¾
Atlantic Coast Line	112	137	25
Baldwin Loco.	104⅜	126½	22⅛
Central RR. N. J.	199	253½	54½
Ches. & Ohio	67¾	92¾	25
Del. & Hudson	104½	134¾	30¼
Del. & Lackawanna	110¾	141⅞	31⅛
Famous Players	61	87½	26½
Gen. Baking	93	134	41
Gen. Electric	193½	281	87½
Goodyear Tire, pfd.	39	60½	21½
Int. Business Machine	83	107¼	24¼
Int. Paper	34½	59	24½
Mack Truck	75¾	107½	31¾
Mo. Pacific, pfd.	29	54½	25½
Nash Motors	96½	130	33½
National Lead	123½	169¼	45¾
N. Y. C. & St. Louis	72½	116½	44
Pere Marquette	40½	68⅛	27⅝
Pitts. & West Va.	38	63⅞	25⅞
Savage Arms	32⅝	64¼	31⅜
Sears, Roebuck	78¾	107½	28¾
Sloss-Sheffield	52	76½	24½
Southern Rwy	38½	70⅛	31⅝
Texas & Pacific	19	39¼	20¼
Union Pacific	126⅝	147⅞	21¼
United Fruit	182	224½	42½
U. S. Cast Iron Pipe	64	107⅜	43⅜
U. S. Steel	94¼	111¾	17½
Va. Rwy. & Power	36	72¾	36¾
West Penn	47½	98	50½
Woolworth	72½	120½	48

that the holder must follow the developments in each company in which he is interested and take such action as seems justified by these conditions. That speculative opportunities exist in this field cannot be denied but they are no longer as abundant as formerly.

Strictly speaking, of course, the money situation has some effect on preferred shares, as a whole, and an increase in money rates is not likely to stimulate their markets. However, this may be offset by an increase in the business of the company in question, most preferred stocks being affected more by the trend of earnings than conditions in the money market.

Where preferred stocks have already scored large advances or are selling where it is unlikely that they will advance further, the holder might well consider their sale and apply the proceeds to the purchase of equally well secured issues but yielding a higher income return.

It is difficult to discuss adequately the position of the holder of common stocks, each stock being surrounded by influences special to itself. Still, it is true that there has been recently a great deal of speculative activity among the junior shares of many important corporations and that these shares are no longer as attractive as they were a few months ago. To mention a few cases there is *American Can*, now selling at over 130, whereas a few months ago, it sold at under par, *General Electric* with an 85-point advance since the beginning of the year, *Mack Truck* at its recent top up 32 points from the bottom and *Sears, Roebuck* up to 107 from a low of 78 a few months ago.

It would seem like flying in the face of Providence to disregard the great advance which took place in the past few months in speculative securities. It is true that there are still a number of stocks which are in a favorable position by reason of their sustained earning power, strong financial position and generally good outlook but these are, on the whole, the exceptions to the rule.

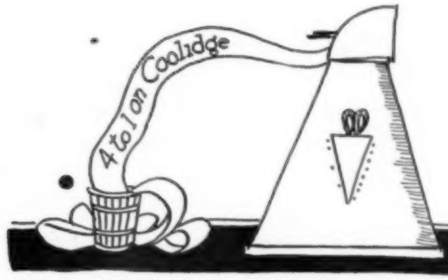
Where holders of stocks are concerned principally with income return and where the securities held are in a strong position, they may obviously disregard fluctuations in the market but there are very few issues in which all these qualifications are met. Many sound stocks, it is true, face a good future but they have already discounted such possibilities to a large extent. Witness such issues as *General Electric, American Radiator, United Fruit and American Can* which are all yielding small returns at current prices. It is true that in each case mentioned there is the possibility of a stock dividend, a higher cash rate or a split-up of the shares but it is "already in the price" and the holder has little to gain by waiting for the expected action to take place.

The point is that we have again approached a stage in the market cycle where it is particularly necessary for the investor to overhaul his holdings, weed out the weak securities and replace them with stronger ones, or sell the high-priced securities which are no longer attractive for investment. The one thing that he cannot afford to do is to ignore the trend.

Features of Current Finance

Rather attractive, that, Orvis!
Very attractive, Mantis!

To buy or not to buy?



Wall Street's quotation on The Presidential Election

He Couldn't Hold On!

Europe Adopts a Peace Plan!

Should Americans Invest in European Bonds?

The Necessity for U. S. Government Protection of New European Bonds if Investors Are to Be Safeguarded

By H. PARKER WILLIS

POSSIBLY there has been no occurrence since the close of the war which has been of an importance so vital to the American investor as the London financial conference which has just successfully concluded. This significance grows, in part, out of the fact that there is at least an apparent disposition on the part of the European countries to reach some definite agreement among themselves, that will permit a resumption of trade and a restoration of German business supon some feasible basis.

It is also largely due to the fact that, owing to the presence of two cabinet members belonging to the Washington administration, there was a widespread and deep-seated feeling abroad that the United States has at length been induced to take an active part in the work of European restoration, from the financial and economic standpoint.

Getting to an Agreement

In spite of the various difficulties that had been encountered during the earlier weeks of the conferences, the resulting agreement has permitted those who shared in the work to take the view that it has been succsessful. A political success, in other words, has been the outcome. But it should be remembered that that does not settle the economic issues.

At present, the drift of things is toward further complication and elaboration of the mere machinery of Reparations management. French representatives, particularly, apparently suppose that by naming new committees on which Americans are given representation, and to which questions that cause question can be referred, doubts as to security will be solved, and the banking basis for a loan will have been created. This notion appears particularly in the extensive provisions for arbitration of disputes intsead of the furnishing of actual security.

This, of course, is a view which does not take into account the real feeling of doubt and suspicion which has been developed in the average American mind by the fact that losses in marks, francs and securities stated in those currencies have already been so heavy. There has been some effort to make it plain that what is wanted is real assurance as to the protection of bonds to be issued for the purpose of putting the "Dawes plan" into effect, but it is yet to be demonstrated whether the actual facts in the case have been accepted at face value.

Thus far, indeed, the indications are that they have not been so accepted. Unquestionably the belief exists in many minds that a general assurance that all is being done in the right way is likely to be sufficient. Of course, in these circumstances, a decision on the part of the American investor that he could not safely buy securities like those which are expected to be issued would be extremely disappointing to the French authorities, who are obviously anxious to see the whole matter put in the way of disposal.

". . . Meanwhile, the situation is one that requires much caution on the part of the American investor and should prevent him from committing himself very heavily either in old European bonds now on the market or new securities such as may be offered. . . ."

Upon what seems to be good authority, it may be stated that hard experience and discouraging observation have brought the French apparently to the point where they are disposed to make some concessions to the American public. Among other things, they are seemingly inclined to allow the bonds, to be sold in the United States and elsewhere, under the so-called "Dawes plan," to rank as a prior lien on Germany's assets, while they will probably propose to take some step toward funding—in a technical sense at least—the war debt of France to the United States. It may take some months of roundabout talk to reach this consummation, but there would seem now to be every probability that an adjustment along these lines will, or at least can, eventually be made.

The real difficulty, however, is found in the fact that the point of view with respect to these matters is seemingly based merely upon the expectation of getting some more advances. Were it not for that hope, it may safely be asserted, nothing whatever could be expected. And, as has been the usual thing ever since the close of the war, a concession that might have gone a long way, if made in time, comes too late, when public opinion has moved on a good way in advance. Discussion at the London conference, in fact, seemed to indicate that such general, and more or less vague, treatment of the subject will not, in the opinion of financial authorities, meet the requirements of the case at all. The notion suggested by some, that the "transfer committee," just created under the Dawes plan, be given the duty and right, first of all, of paying the interest on the new loans, so that German revenues are practically sequestrated for the benefit of foreign bondholders, in the hands of an outsider (American head of the transfer committee) is, of course, distasteful to all concerned and especially to the French authorities. The Germans, undoubtedly will accept such financial ad-

(*Please turn to page* 809)

DR. WILLIS HAS RECENTLY RETURNED FROM A EUROPEAN TRIP DURING WHICH HE FOLLOWED THE PROCEEDINGS OF THE LONDON CONFERENCE WHICH ADOPTED THE DAWES PLAN AS A BASIS FOR SETTLING THE FRANCO-GERMAN PROBLEM. HE SPEAKS AUTHORITATIVELY FROM VIEWS OBTAINED AT FIRST-HAND SOURCES

THE TREND IN LEADING INDUSTRIES

	Supply of Basic Elements: Labor	Raw Materials	Fuel	Transportation	Cost of Production: Labor	Materials	Fuel	Transportation	Demand: Unfilled Orders	Stocks on Hand	Shipments	Output: Raw Products	Finished Products	Prices: Raw Products	Finished Products	Profits: Of Leading Companies
STEEL	Over-Supply at Many Points	Stocks Getting Low	Some Replenishment Indicated	Surplus Cars	No Change from High Point	Considerably Under Year's High	Stabilized at Low Point	No Change	Slight Increase	Getting Low	Slight Increase	Slight Increase	Moderate Increase	Showing a Little Strength	Unsettled Many Price Cuts	Third Quarter Poor, Fourth Probably Better
COAL	Over-Supply at Many Points	Adequate	—	Possible Shortage in Autumn	Many Troubles With Labor	Considerably Under Year's High	—	No Change	Slight Increase	Mixed, Some Consumers Short	Slight Increase	Slight Increase	—	Showing a Little Strength	—	Increase Likely
BUILDING	Even Balance Between Demand and Supply	Adequate	Need for More Coal	Adequate	Very High	Some Slight Reduction	A Little Lower Than 1923	No Change	Slight Decrease	—	—	—	Many Projects Nearing Completion	—	Slight Fall in Values	Still Quite Large
OIL	Over-Supply	Adequate	—	Adequate	Very High	Some Slight Reduction	—	No Change	Slight Decrease	Extremely High	Slight Decrease	Still Rising	Still High	Lower	Lower	Very Poor, No Change Expected
COPPER	Plenty of Labor	Adequate	More Coal Needed	Adequate	No Change	Some Slight Reduction	Lower Than 1923	No Change	Increase from Abroad	Fairly Large	Increase	Mixed, Some Increase & Others Curtail	—	Upward Trend Interrupted	—	Mixed, Low-Cost Producers Favored
CHEMICALS	Plenty of Labor	Adequate	More Coal Needed	Adequate	No Change	Some Slight Reduction	Lower Than 1923	No Change	Mixed in a Miscellaneous Field	Fairly Large	No Change	—	No Change	—	Lower	Fair
TEXTILES	Plenty of Labor	Large Cotton Crop	Adequate	Adequate	Many Strikes for Higher Wages	Cotton Reduced Wool Slightly Higher	Lower Than 1923	No Change	Commencing to Increase	Short Supplies	Increase	Increase	Increase	Lower	Unchanged	Poor, But Should Increase
AUTOMOBILES	Plenty of Labor	Plenty of Supplies	Adequate	Adequate	High, No Change	A Little Lower	Lower Than 1923	No Change	Lower Than 1923	Fairly Large	No Increase	—	Mixed, Generally No Increase	—	Unchanged	Mixed, Generally Lower Than 1923
TIRES	Plenty of Labor	Plenty of Supplies	Adequate	Adequate	High, No Change	Rubber Higher, Others Lower	Lower Than 1923	No Change	Balloon Tires in Demand	Fairly Large	Mixed, Some Increasing	—	Mixed, Generally No Increase	Higher Rubber	Practically Unchanged	Greater Operating Efficiency. Slightly Higher
LEATHER	Plenty of Labor	Plenty of Supplies	Adequate	Adequate	High, No Change	Hides Up	Lower Than 1923	No Change	Slight Increase for Footwear	Fairly Large.	Mixed, Some Increasing	Increase	Increase	Higher	Unchanged	Slightly Better Than 1923
PAPER	Plenty of Labor	Plenty of Supplies	Adequate	Adequate	High, No Change	No Change	Lower Than 1923	No Change	Slight Seasonal Decrease	Fairly Large	Decrease	—	Decrease	—	Unchanged	Slightly Better Than 1923
TOBACCO	Plenty of Labor	Plenty of Supplies	Adequate	Adequate	High, No Change	No Change	Lower Than 1923	No Change	Increase	Fairly Large	Increase	Increase	Increase	Stable	Stable	About as Good as in 1923

How to Analyze Your

No Reason Why His
Mystery—One Practical

By

Minimum Commission Rates Adopted by the N. Y. Stock Exchange	
On Basis of 100 Shares	
	Commission
On stocks selling above $1 and below $10....	$7.50
On stocks selling at $10 and above, but below $125	15.00
On stocks selling at $125 and above.....	20.00
Minimum commission on any transaction..	1.00

WHY is it that the broker's monthly statement to a client is regarded by many as something of an insoluble mystery? It is not and should not be so regarded. As a matter of fact, however, the casual or careless trader is more apt than not to accept the broker's figures and "let it go at that."

There are two very good reasons why every investor and trader should keep careful tabs on his broker's statements. The first is that since the figures are compiled by human beings and human beings are prone to error, one can never be sure, without auditing the figures, that a correct statement has been rendered. Good houses pay excellent salaries to accountants to keep books, but it is unavoidable that errors should creep in from time to time.

When one stops to think that after a heavy day's trading in a bull or a bear market it is sometimes necessary for the accounting force to burn lights until the small hours of the morning, figuring out equities and determining what accounts, out of perhaps several thousands, require additional margin, which calls for the compilation of thousands of figures, one marvels not that errors are made but that they are so few. In big bull markets such as 1919, in many brokerage houses the entire accounting staff for weeks on end snatched what sleep could be gleaned from cots set up in the counting rooms and gobbled hasty meals which were brought in from outside.

A few years ago when the bucket shops were flourishing rankly, it was a common practice to "rook" the customer by false statements. The commonest practice was to boost the interest rate, especially upon unlisted securities. Instead of charging at, say, 5½%, the going interest rate, the unscrupulous broker would charge at the rate of 7% and sometimes as high as 8% or even 9%. Such a rate would not be specified, the statement merely showing the total amount of the interest charged, the house depending upon the customer to assume that the normal rate was being charged.

If the customer, after a labored calculation, complained that he was being overcharged, the manager would point to the fact that the house was carrying securities upon which the house could not borrow at the banks and therefore had to use the firm's own capital. If the house were actually borrowing on its unlisted securities from its bank and paying a special rate for that privilege, there would be some justification for the higher interest rates. But in most instances the house was doing nothing of the kind. If the customer still was dissatisfied the house, with a great show of liberality, would usually consent to a rebate of interest. As far as the customer was concerned the overcharge meant only a few dollars monthly, but the total to the house with, let us say, 2,500 accounts, was considerable.

The second important reason why the investor and trader should carefully check his monthly statements is that it keeps his market position clearly in his mind. Commissions usually form the largest item and the trader is apt to disregard the lesser items of interest and taxes in figuring his market position. In active trading, the $4 tax on each $100 of par value sold, mounts into considerable figures in the course of a month and the interest on debit balances eats into an account.

Proper Commissions

The investor or trader must bear in mind the minimum commissions which the Stock Exchange and the Curb Market have adopted. They are given in the accompanying tables.

It should be borne in mind too, that these commissions are *minimum* commissions and that there are no maximum commissions. In the large centers where competition and custom keep commissions down to the minimum, there are never fluctuations in commissions. But there is a considerable variation, at times, in out-of-town rates charged and the out-of-town investor, therefore, should watch his commission items carefully. Frequently there are gross abuses along this line as was pointed out in our last issue under the title "Are Out-of-Town Investors at a Disadvantage in Buying Securities?"

Under the law a broker is required to send a confirmation slip to a customer noting every purchase and sale. This slip must give the amount of stock bought or sold, the name of the security, price paid or received, commission charged, amount of tax, name of buyer or seller, and the total credited or debited to the customer's account. These various items should be checked when the slip is received and not left until the end of the month.

A Simple Statement

We present herewith a very simple specimen of a broker's statement. It may be of interest to know that this is an actual statement of the account of a small trader in New York City. The only changes are that the name of the trader and that of the Stock Exchange firm have been deleted, for obvious reasons.

In the upper left corner appear the

A Typical Month-End

Folio 730

Dr John Doe E. & O. E.

DATE 1924				AMOUNT	DAYS	INTEREST 5
Feb	29	Balance		3571 33	31	18 45
		75 Beth Steel				
		75 Cruc Steel				
		5 Midvale Steel				
		50 Mutual Oil				
		5 South Pac				
		10 Tidewater Oil				
Mar	3	75 Houston Oil	71¾	1797 50	28	8 39
	31	Interest to date @ 5½%		21 79		
				5390 62		26 84
Mar	31	Balance		2618 86		
		75 Houston Oil				
		5 Midvale Steel				
		50 Mutual Oil				
		5 South Pac				
		10 Tidewater Oil				

Broker's Statement

Monthly Report Should Be a Improvement He Might Make

BARNARD POWERS

words "Folio 230." This is for the information of the firm's bookkeeper and gives the number of the page in the ledger where the customer's account is kept from which this particular statement was taken. Underneath appears the customer's name and below that the capital letters "E. & O. E." which means "Errors and omissions excepted." This somewhat cryptic phrase is just as though the firm had written, "We have had our bookkeeper prepare this statement with the utmost care but we cannot guarantee it against errors and omissions. If you find such, please notify us and we will gladly correct them forthwith."

It will be noted that the statement is divided into two sections. The left-hand section is known as the "Debit" side, indicated by the abbreviation "Dr" appearing in the upper left-hand corner and the right-hand side, the "Credit" side, indicated by "Cr" in the upper right-hand corner. If the reader will bear carefully in mind that everything which goes *into* the account in the form of cash or securities is credited, and everything taken *out* is debited, he will have little difficulty in interpreting his broker's monthly statements.

On February 29th, for instance, the account shows a debit balance of $3,571.33 which means that at the beginning of March the customer owed his broker that amount. If the customer should send a check for that sum to his broker the customer would be entitled to "take up" his account, i. e., take over everything there was in it. The interest on the $3,571.33 for the 31 days in March at 6% totaled $18.45 according to the account.

Then follows the list of securities which were in the account at the beginning of March. They are designated by a bracket and the word "Long." On March 3 the customer bought 25 shares of Houston Oil at 71¾. The broker actually spent $1,793.75 in making this purchase and after adding $3.75 for commission, charges the client a total of $1,797.50. This amount is properly entered, therefore, on the debit side of the customer's account. On this $1,797.50 increase to the customer's debit balance, the 28 days interest—March 3 to March 31—must be charged and $8.39 is therefore added to the interest account on the debit side. The 25 shares of Houston brought into the account by the purchase is added to the securities already on hand and appears in the second list marked "Long" on the Debit side.

Turning to the Credit side of the account we see that on the 17th, dividends totaling $62.50 on 50 shares of Consolidated Gas, are credited. As nothing about Consolidated Gas appears anywhere in the statement we at once conclude that the customer owned 50 shares of Gas when it became ex-dividend in the preceding month, but sold the stock before March 1. That transaction appeared on the Statement for February. It is not the custom to credit a dividend until it is actually received and, as it was not received until March 17, it was credited on that date.

Honest errors are often made in crediting or failing to credit dividends and the opportunities it offers to the unscrupulous bucket-shop broker are obvious. It is up to the customer, then, to check these items very carefully. A good plan is to keep a small notebook and when a security is purchased to write down the dates when

Broker's Statement

CREDIT

DATE 1924				AMOUNT	DAYS	INTEREST 6%
Mar	17	Div on 50 Cons Gas		62 50	14	14
	19	25 Cruc Steel	58⅜	1454 63	12	2 91
	21	Div on 50 Mutual Oil	3/15/24	6 25	16	02
	31	25 Beth Steel	50⅛	1248 38		
	31	Balance		2618 86	Balance Interest	22 77
				5390 62		26 84

dividends on stocks and interest on bonds are payable.

Interest on the cash amount of the dividend is credited to the customer for the fourteen remaining days of the month and totaled 14c. which is entered in the credit interest column to the right.

On the 19th the 25 shares of Crucible Steel, listed among the "Long" stock in the Debit side, were sold. The amount received, for this stock, less $3.75 commission and $1.00 tax, is credited and totaled $1,454.63. Twelve days interest at 6% totaled $2.91 and this was credited to the interest column at the right. A credit for dividends on 50 shares of Mutual Oil was entered on March 21 but the bookkeeper's notation "3/15/24" shows that this dividend should have been collected on March 15th when it was due. This was an oversight on the part of the firm which is supposed to collect dividends on stocks as they fall due. The customer is entitled to interest on dividends from the date they fall due and the firm has therefore credited the customer with interest on the dividend from the 15th to the end of the month. The loss to the firm was of no account because the amount involved was trifling, but had it been hundreds of dollars, instead of a few cents, the firm would have had to assume the loss just the same. On the 31st 25 shares of Bethlehem Steel were sold, bringing $1,248.38 to the credit side after commission and tax. As the transaction was on the last day of the month no interest is credited.

We have now checked the main items on the Debit and Credit side of the statement. It remains to find out what the customer owed his broker as of March 31.

All interest items are first figured at 6% for convenience and rapidity of calculation. Turning to the items of interest first we see that a total of $26.84 was charged, as noted on the Debit side and

(*Please turn to page 801*)

Commission Rates Adopted by the N. Y. Curb Market Association

On Basis of 100 Shares

Stock Price					Commission
50c or less					3%*
50c and less than				$1..	$2.00
$1	"	"	"	$2..	$3.00
$2	"	"	"	$4..	$4.00
$4	"	"	"	$5..	$5.00
$5	"	"	"	$10..	$7.00
$10	"	"	"	$125..	$15.00
$125 and upwards					$20.00

Minimum commission.. $1.00

* Of amount involved.

Bonds

A Bond for Every Purpose

Six Desirable Issues from One Extreme to the Other—At Least One Suited to Any Ordinary Investment Purpose

By JACKSON MARTINDELL

THE bonds described in this article offer two definite advantages to bond buyers. Each is attractive in consideration of the amount of risk involved as will be seen from the analyses. Also, the amount of risk involved in each separate case varies to such a degree that an opportunity is afforded conservative buyers and also those speculatively inclined. The investor can decide for himself just which issue is best suited to his purpose in the light of his own individual requirements.

It may also be pointed out that an investment list may be arranged from the several issues, which would be entirely suitable for a business man's funds, provided the list was supplemented with preferred and common stocks, either at the present time or some later date. Each of the bonds described is listed on the New York Stock Exchange with one exception. It will be noted, however, that the amount of each issue outstanding (with two exceptions) is relatively small and for this reason a certain amount of discrimination should be used in making purchases so as to avoid the disadvantage of buying much above the asked price. Where bonds are difficult to secure because of an inactive market, the investor should await a buying opportunity.

For a Business Man's Funds

	Price	Yield
United Stores Realty Deb. 6s, of 1942	101	5.90%
United Fuel Gas 1st 6s, of 1936	97½	6.30%
American Chain Deb. 6s, of 1932	95½	6.70%
Aetna Explosives Gold 6s, of 1941	90	7.00%
Central Foundry 1st 6s, of 1931	98	7.90%
Gray & Davis Conv. 7s, of 1932	80	10.80%
Average Return		7.40%

UNITED STORES REALTY 6s, '42 *Yield 5.90% to maturity.* The return to be had from the United Stores Realty Corp. Debenture Golds 6s is to be compared with that to be secured from middle-grade bond issues in the present market. Yet an analysis of the issue clearly discloses the fact that it is of high grade, and therefore entitled to sell higher and consequently yield less.

The bonds are not secured by mortgage, as indicated by the title, but they are a direct obligation of the corporation which owns all the real estate formerly owned in fee by the United Cigar Stores Co. of America. They are outstanding in the authorized amount of 6 millions, and have been issued under a guaranty agreement executed by United Cigar Stores Company, being the only fixed obligation of this company whose preferred and common stocks have a total market value of over seventy million dollars. The issue is well safeguarded against prior liens.

Since these debenture 6s are guaranteed by the United Cigar Stores Company by endorsement, its earnings are the prime consideration as regards the security. In no year since 1917, has United Cigar Stores earned less than 4 million dollars after interest charges which is equivalent to over 10 times requirements on this issue. Interest charges were earned 14 times over in the past year.

The unusually strong industrial and credit position of the guarantor company entitles this bond to as high a rating as it would practically be possible to give any debenture. In view of this, it may be said that the market price is rather low at 101 to yield 5.90% to maturity in 1942. Furthermore, the security is not callable (except for sinking-fund purposes at 105) prior to September, 1927, and then only at 105 to April 1, 1932, and afterward at 105 less ¼% for each six months to maturity.

UNITED FUEL GAS 1st 6s, '36 *Yield 6.30% to maturity.* These bonds were originally offered to the public in 1916 at par and interest to yield the coupon rate. They were at that time and still are of high grade. This is because of the splendid management, stable business, good margin of earnings over interest charges, substantial sinking fund, and nature of the lien.

The company is controlled by the Columbia Gas & Electric Company through ownership of 51% of its capital stock. It is engaged in the production and distribution of natural gas, holding under lease or in fee, gas rights covering 801,000 acres of land in West Virginia and Kentucky. There are 736 gas wells in operation, and the total length of trunk and field lines and mains is about 1,500 miles. Real estate is owned in various cities on which are erected plants and office buildings.

The issue is a direct obligation of the company and secured by first mortgage on its property which is carried on the books at 41 millions, compared with 9.6 millions of first mortgage bonds now outstanding. Interest on the issue as at present outstanding has been earned not less than six times over in each of the past seven years after liberal depreciation and depletion allowances. Last year's net was 3.1 millions compared with present requirements for the bonds of $576,000.

A sinking fund will retire the issue at or before maturity in 1936, the bonds to be purchased in the open market or at 105 and interest which is the redemption price. At present prices around 97½, the yield is 6.30% to maturity which is very generous in comparison with the small amount of risk to be assumed. **There are few such opportunities to be had in the high-grade bond market at the present time.**

AMERICAN CHAIN DEB. 6s, '32 *Yield 6.70% to maturity.* Should still a higher return on the investment be desired with only a slight increase in risk, then the investor might well consider the Debenture 6s of the American Chain Company. They are outstanding in the amount of 7.1 millions and are followed by 8.7 millions of preferred stock and 250,000 shares of common now paying $2 a share annually.

These bonds are redeemable at 105 and interest as a whole only, and are to be retired in the amount of at least $150,000 every six months. While they are not se-

cured by mortgage, the indenture contains many good restrictive provisions, as for example, no lien can be placed ahead of this issue without consent of the holders of 75% of the amount. As of December 31st, 1923, tangible assets applicable to bonds were over 25 millions, and net working capital was 11.2 millions.

The earnings of the company during the past few years has been rather erratic but this has resulted from conditions in the chain-making industry rather than anything being wrong with the organization. The American Chain Co., Inc., is the largest manufacturer of chains in the world manufacturing practically every size and variety. Among its products are the Weed tire chains so extensively advertised.

Annual earnings for the seven-year period ended December 1st, 1922, averaged six and one-half times present interest requirements on this issue. In 1923, the company earned 3.5 millions for interest—about eight times the requirement.

The only adverse factor appears to be wide fluctuations in earnings from year to year, as shown by a deficit of 2.2 millions in 1921, but this in itself is not sufficiently serious to warrant misgivings as to the value of the bonds. **They are so well secured by average earning power and property value that the 6.70% return at prices around 95 appears to be very attractive for those who desire an issue of this type.**

AETNA EXPLOSIVE SERIES "B," 6s, '41 *Yield 7% to maturity.* The Aetna Explosives Co., Inc., was reorganized in 1920 and its assets sold to the Hercules Powder Co., which company formed a subsidiary, the Hercules Explosives Corp. of N. Y., to take over the properties. The bonds, which are now outstanding in the amount of 3.1 millions, are secured by a direct mortgage on properties located in fourteen different states and also by deposit of stocks of various smaller powder companies. They are practically a first mortgage, being subject to but $330,000 Series "A" bonds.

While the Series "B" 6s of 1941 have not been directly assumed by the Hercules Powder Co. they are stated as a liability on the balance sheet of the company and the price paid for the equity behind the bonds was in excess of five million dollars. Separate reports of the Hercules Explosives Corp. (old Aetna Co.) show interest charges earned by a wide margin and net current assets largely in excess of its bonded debt. For 1923, alone, the Hercules Powder Co. showed 2.7 millions available for only $220,000 interest charges. Current assets on June 30, 1924, were 16.4 millions against current liabilities of less than one million.

The Hercules Powder Co. is a former duPont subsidiary and a very prosperous corporation, which speaks well for the safety of the issue. Furthermore, the parent company is understood to be constantly in the market for the bonds and has a standing offer to give $86⅔ of its 7% preferred stock (quoted at 103) for each $100 bond. Then in addition to this market factor, a sinking fund of about $160,000 a year will retire practically the entire issue by maturity.

Attractiveness of the bonds at 90 to yield 7% is emphasized by the fact that an even smaller return is to be had from the preferred stock of the parent company.

CENTRAL FOUNDRY 1st 6s, '31 *Yield 7.90% to maturity.* The high return to be had from these bonds would appear to indicate a poor set-up as regards safety of principal or interest but such is not the case. What is actually indicated is that the issue is outstanding in the amount of but $958,000 and is surrounded with mystery due to earnings of the company not being made public.

These bonds are secured by a first mortgage of the chief subsidiary of the Universal Pipe and Radiator Co. which consists principally of foundries at Newark, Baltimore, and points in Alabama and Indiana. They are followed by 8.4 millions of preferred and 162,000 shares of common stock having a total market value of 6.6 millions.

The protection given by earnings is shown by 1923 results of the Central Foundry Company. Last year net amounted to $921,000 or very nearly the equivalent of the funded debt. Earnings of the Universal Pipe and Radiator Co. in 1923 were 1.6 millions or more than the entire funded debt of this subsidiary, and over $909,000 was earned in the first half of the current year. This compares with $57,000 per annum in interest requirements for the issue.

Ample security as to both assets and earnings justify a purchase of these bonds around present levels of 90 to yield 7.90% to maturity. There is a bare possibility of their being redeemed at 105 (the call price) before maturity in order to allow for new financing in which case the yield would be considerably increased.

GRAY & DAVIS CONV. 7s, '32 *Yield 10.80% to maturity.* Like the issue just previously analyzed, these bonds have merit in spite of the high return. They are a first lien on the company's entire property and are followed by $750,000 preferred and 134,000 shares of common stock. The market price of the latter is $674,000 compared with but one million dollars of bonds authorized and outstanding.

Principal product of the company is starting and lighting systems for the automobile industry. It makes equipment for 36 different companies. The main plant in Cambridge, Mass., has a floor space of 120,000 square feet and is thoroughly modern in every particular.

The security behind the issue is illustrated by the fact that net current assets on December 31, last, were in excess of total funded debt and tangible assets were more than three times this figure. For 1923, interest charges were earned four times over and in the first quarter of the current year about 3½ times. Net has probably slumped off considerably since, due to depressed conditions in the trade but there would appear to be no danger of trouble as the company is in good financial condition and apparently able to withstand a bad period.

At present levels of 80, these bonds show a market decline of 20 points under the initial offering price two years ago. There certainly appears to be no reason why the security could not be included in a list for business men's funds.

From our recommendation of the above group of bonds, it should not be construed that they are necessarily of high-grade. The bonds, in fact, fall in the category of middle-grade or speculative issues, but they have been carefully selected on their own merits. It should be realized that high-grade bond issues are no longer obtainable at a high-yield basis and that where a reasonable return is required on the investment, some sacrifice has to be made. Where, consequently, the utmost security is desired, these bonds are not recommended, without at all suggesting that any of the bonds herein listed are insecure. They properly belong in the class of so-called business men's investments, meaning that they are more particularly suited to the needs of those who enjoy a good income and who are in a position to assume a small amount of risk in order to obtain a large percentage of return on the invested capital.

Price Range of Six Attractive Bonds

	1922 High	1922 Low	1923 High	1923 Low	1924 High	1924 Low
United Stores Realty 6s, '42	100	99	101	98	101	98
United Fuel Gas 1st 6s, '36	99	92	98	92	98	92
American Chain 6s, '32	—	—	97	91	96	91
Aetna Explosives 6s, '41	76	70	90	88	97	89
Central Foundry 6s, '31	91	76	99	85	93	89
Gray & Davis 7s, '32	100	95	101	85	96	78

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

HIGH GRADE (For Income Only)		Apx. Price	Apx. Yield	§Int. earn'd on entire funded debt
Non-Callable Bonds:				
Great Northern Genl. 7s, 1936	(c)	109	5.95	2.85
Atlantic & Danville 1st 4s, 1948	(a)	78	5.70	....
Indianapolis & Louisville 1st 4s, 1956	(a)	75	5.75	e 1.75
Western Union Telegraph Co. 6½s, 1936	(a)	109¼	5.40	c 6.85
New York Edison Co. 6½s, 1941	(b)	112	5.40	3.39
Chicago & Northwestern 7s, 1930	(b)	108	5.40	1.80
Delaware & Hudson 7s, 1930	(b)	109	5.20	2.10
New York Dock Co. 4s, 1951	(a)	78	5.60	2.70
Callable Bonds:				
Armour & Co. Real Estate 4½s, 1939	(a)	85	6.00	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	94	5.95	1.41
Philadelphia Company 6s, 1944	(c)	101	5.90	3.50
Canadian General Electric deb. 6s, 1942	(a)	106½	5.40	g 2.80
MIDDLE GRADE (For Income and Profit)				
Railroads:				
Cuba R. R. 1st 5s, 1952	(a)	83	6.30	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	69¼	5.45	1.25
Western Pacific 1st 5s, 1946	(c)	90	5.80	2.40
New York, Ontario & Western 4s, 1992	(a)	66	6.15	2.00
Erie & Jersey 1st 6s, 1955	(a)	100½	6.00	1.50
Baltimore & Ohio Convertible 4½s, 1933	(b)	89	6.10	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	85	5.90	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	84½	6.00	1.10
Boston & New York Air Line 4s, 1955	(a)	68	6.35	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	88	5.85	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	103	6.00	1.50
Rutland R. R. 1st 4½s, 1941	(a)	84½	5.90	1.75
Chesapeake & Ohio conv. 5s, 1946	(b)	98½	5.10	1.65
Industrials:				
South Porto Rico 1st Mtg. and Co. 7s, 1941	(b)	103	6.70	2.20
Wilson & Co. 1st 6s, 1941	(a)	87	7.30	1.35
Sinclair Pipe Line 5s, 1942	(b)	84	6.50	g 2.50
Goodyear Tire & Rubber Co. 8s, 1941	(c)	118½	6.25	4.00
California Petroleum Corp. 6½s, 1933	(c)	100	6.50	4.80
International Paper Co. 5s, 1947	(a)	85	6.30	3.50
U. S. Rubber 5s, 1947	(c)	84	6.30	2.05
Bethlehem Steel Co. 5s, 1936	(a)	89	6.30	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	91½	6.25	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	98	6.15	g 1.25
Union Bag & Paper Co. 6s, 1942	(b)	94	6.60	f 4.40
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	61	6.65	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	92	6.10	2.40
Ohio Public Service 7s, 1947	(c)	107	6.40	f 2.00
United Fuel Gas 6s, 1936	(b)	97	6.35	e 2.70
Virginia Railway & Power 5s, 1934	(a)	92¼	6.00	2.09
Hudson & Manhattan Refunding 5s, 1957	(c)	86	5.95	2.60
American Gas & Electric 6s, 2014	(c)	95	6.30	2.00
Kansas Gas & Electric 6s, 1952	(b)	98	6.15	1.80
Havana Elec. Ry. Light & Power 5s, 1954	(a)	85	6.00	5.00
Montreal Tramways 5s, 1941	(c)	94¼	5.55	g 1.25
Denver Gas & Elec. 1st and Rfd. 5s, 1951	(c)	88½	5.85	c 4.70
Commonwealth Power Corp. 6s, 1947	(c)	96½	6.30	4.50
Dominion Power & Transmission 1st 5s, 1932	(a)	93	6.00	2.10
Manitoba Power Company 7s, 1941	(c)	100	7.00	....
SPECULATIVE (For Income and Profit)				
Railroads:				
Erie Genl. Lien 4s, 1996	(b)	64¼	6.25	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1959	(c)	80½	7.50	1.25
Wheeling & Lake Erie Cons. 4s, 1949	(a)	70¼	6.35	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	63½	8.00	1.10
Chicago Great Western 1st 4s, 1959	(a)	56¼	7.60	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	64¼	6.80	1.20
Rock Island, Ark. & Louisiana 1st 4¼s, 1934	(c)	80½	7.25	....
Industrials:				
Cuba Cane Sugar 7s, 1930	(c)	95¼	7.90	2.15
Empire Gas & Fuel 7½s, Series "A" 1937	(c)	96	8.00	3.30
International Mercantile Marine 6s, 1941	(b)	88	7.25	2.50
American Agricultural Chemical Co. 7½s, 1941	(b)	94	8.10	....
Public Utilities:				
Brooklyn-Manhattan Transit 6s, 1968	(c)	79	7.70	f 1.50
Chicago Railways 1st 5s, 1927	(a)	77½	15.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	66	7.90	2.00
Interboro Rapid Transit 5, 1966	(a)	65	7.80	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	56¼	7.50	i 1.35

* Principal and interest guaranteed by Dominion of Canada. † Callable in 1951. ‡ Callable in 1936. § This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

BOND MARKET IN RESTING POSITION

THE bond market, after the recent recession from high levels, shows no animation and appears to have entered a resting period. Due to the acceptance of the Dawes Plan by Europe, there has been considerable activity in foreign securities. This was only natural in view of the hope engendered in the more speculatively minded class of investors to whom the yields also appeal. In the language of the breakfast food advertisement "There's a reason" for the fostering of this feeling, in view of the necessity of floating the German loan in this country, as well as the obligations of other foreign governments and foreign commercial enterprises which will undoubtedly come to this market for financing.

Effect on High-Grade Bond Issues

This offering of high interest rates will have a sympathetic effect on our own high-grade investment issues, as it will lessen to a degree the potential market, and a 5% return, less taxes, will not prove inviting to this class of investors. While it is very unlikely money rates for domestic loans will have any appreciable advance, the seasonal crop moving demands should cause a strengthening in the charge for funds. Under these conditions, we are still of the opinion that investment issues of the gilt-edge class have in present quotations discounted the situation for some time to come.

While the bond market was somewhat quiet with quotations showing one and two-point losses on the average, there were a number of issues which were notable for their strength, particularly among the junior rails. The St. Louis & San Francisco adjustment and income bonds recovered the greater part of their previous loss. St. Paul securities, which had been under pressure owing to rumors of difficulties of refinancing the 47 million dollars of maturities next year, seemed well taken on the declines.

Miscellaneous Bonds Irregular

There was little of interest in the public utility division, with exception of local traction issues, which were distinctly weak, owing to the threat of bus competition. Third Avenue Railway issues bore the brunt of this selling, although the Interborough and Brooklyn Manhattan bonds also suffered substantial price losses.

Industrials were generally steady, especially the oils and copper issues. There was another break in Wilson & Company securities, on announcement of appointment of receivers for the company. The first mortgage 6s broke from 89 to 83, but almost as quickly recovered to 87.

Generally speaking, the bond market is in an unattractive position, though to be sure there are individual exceptions to the rule.

N. Y. Central Railroad Co.

To Convert or Not to Convert

A Practical Problem Facing Holders of N. Y. Central Convertible Debenture 6s

By MAX GROSSMAN

PARAPHRASING the immortal bard "to convert or not convert" appears to be a problem which is agitating a great many holders of the New York Central Railroad Company convertible debenture 6% bonds. This situation has arisen particularly through the recent advance in the market price of New York Central stock, into which the 6s are convertible until May 1, 1925, on basis of par for the bonds and 105 for the shares.

Both the bonds and the stock are selling in the present market at 107½. The holder who has made up his mind to convert would do better to sell his bonds and purchase the stock in the market, as, in that case, he would receive ten shares minus an insignificant brokerage charge, whereas were he to send his bonds to the railroad company for exchange on the terms provided therefor, he would only receive approximately 9½ shares. However, there does not appear to be any good or sufficient reason to warrant exchange at the present time. The only incentive which is apparent is the additional income, as the stock is on 7% basis, whereas the bonds carry a 6% coupon.

THIS brief analysis is a result of a widespread demand that we publish advice as to whether holders of N. Y. Central convertible debenture 6s should convert their holdings into the common stock or continue to retain the bonds. Few railroad issues command wider public interest than those of this premier road.

Inasmuch as there are only three dividend periods until the conversion privilege expires, the income loss in holding would only be $7.50 per bond. It is true there is a good possibility of New York Central stock selling at higher prices, but, at the same time, until the conversion date, this will also be reflected in the price of the convertible 6s.

No Benefit Derived

As there is no benefit to be derived by making the exchange other than the small dividend loss that would be incurred in holding the bonds, there is no good reason why a holder should be in a hurry to convert the bonds into stock.

From the investment standpoint, he is in a better position in holding a loan of the road rather than its stock, as, in the former case, income is not subject to the contingencies which may arise in future in New York Central Railroad Company affairs. If anything unforeseen should happen and the stock thereby suffer a considerable recession from present market levels, the bonds would not be affected in the same manner as the stock, so that, in the last analysis, this small amount of $7.50 per bond sacrificed as income can really be treated as an insurance premium.

At this time, it is not anticipated that anything of an unfavorable nature will occur in the affairs of the New York Central Railroad, but, as will be seen from the above, there is nothing to lose in holding their bonds and availing one's self of the call on the stock until May 1, 1925, which they afford.

If, during the latter part of the year, or in the Spring of 1925, developments are such as to cause New York Central shares to sell at considerably higher levels than at present, holders can convert into the stock without loss, as in the meantime, these favorable conditions will have also been reflected in a commensurate appreciation in the price of the convertible 6s. The point is that N. Y. Central 6% debenture holders have eight months yet in which to take advantage of the conversion privilege.

Comparison of N. Y. Central Deb. 6s and Capital Stock

DEBENTURE 6s		CAPITAL STOCK	
Convertible privilege expires May 1, 1925. Terms	Par	Convertible into stock at	105
Interest Rate	6%	Dividend Rate	7%
Recent Market Price	107½	Recent Market Price	107½
Yield on straight basis	5:6%	Yield	6.5%
		Average Earnings per Share last three years	$11.30
1924 High	109⅝	1924 High	110⅝
1924 Low	103½	1924 Low	99⅛

Decline in Rail Earnings Ended

Low Point Reached in June with Trend Now Upward—Several Roads Doing Exceptionally Well

THE returns of the railroads for the month of July are encouraging, for while there was a decline in both gross and net as compared with last year, this decline was of smaller proportions than in the two preceding months, and indicates that the downward trend in earnings that started in March this year has finally been halted. Gross earnings fell off 10.2% in July against a decline of 14.4% in June and 12.9% in May. Net operating income declined 12.7% in July against 16.6% in June and 32.7% in May.

Figures on carloadings indicate that in August there has been still further improvement. In July, carloadings were off about 10% compared with the 1923 figures, whereas in August the decline was only 8%. It now appears very clear that the month of June witnessed the low point in the traffic movement and that the recovery in July is the beginning of a new upward trend.

While gross of nearly all the roads has fallen off there are a few outstanding exceptions. *Missouri Pacific* traffic has been of record-breaking proportions and promises to continue at a very satisfactory rate. As a result, net earnings have reached a point that warrants consideration of dividends on the preferred stock. *Chesapeake & Ohio* also has substantially increased both gross and net earnings in the first seven months of the year. Traffic in the South was generally maintained at a higher level than other sections of the country and both *Seaboard Air Line* and *Atlantic Coast Line* handled a larger volume of business than in 1923.

*ANNUAL RATE OF RAILROAD EARNINGS BASED ON FIRST SEVEN MONTHS OF 1924

The following table gives the annual rate at which railroad earnings are running, based on operations for the first seven months of 1924, and allowing for seasonal fluctuations of traffic of each individual road:

Road	Net Operating Deficit	% Charges Earned	$ Per Share on Pfd.	$ Per Share on Com.
Atchison	......	......	......	8.85
Atlantic Coast Line	......	......	......	21.22
Baltimore & Ohio	......	......	......	10.60
Canadian Pacific	......	......	......	10.00
Chesapeake & Ohio	......	......	......	18.60
Chicago & Eastern Ill.	......	35	......	......
Chicago, Rock Island & Pac.	......	......	2.92	......
Chicago Great Western	......	100	......	......
Chicago, Mil. & St. Paul	......	70	......	......
Chicago North Western	......	......	......	5.00
Delaware & Hudson	......	......	......	12.95
Delaware, Lackawanna & W	......	......	......	9.26
Erie	......	......	......	5.68
Great Northern	......	......	......	6.03
Gulf, Mobile & Northern	......	......	9.50	......
Illinois Central	......	......	......	19.10
Kansas City Southern	......	......	......	3.03
Lehigh Valley	......	......	......	7.88
Louisville & Nashville	......	......	......	11.30
Minn., St. Paul & S. S. Marie	......	58	......	......
Missouri, Kansas & Texas	......	......	11.60	......
Missouri Pacific	......	......	8.90	......
New York, Chicago & St. Louis	......	......	......	9.22
New York Central	......	......	......	17.00
N. Y., New Haven & Hartford	......	......	......	3.40
Norfolk & Western	......	......	......	10.52
Northern Pacific	......	......	......	5.00
Pennsylvania	......	......	......	4.57
Pere Marquette	......	......	......	6.18
St. Louis-San Francisco	......	......	......	9.68
St. Louis Southwestern	......	......	......	7.50
Seaboard Air Line	......	......	8.32	......
Southern Pacific	......	......	......	9.57
Southern Railway	......	......	......	11.42
Texas & Pacific	......	......	......	4.00
Union Pacific	......	......	......	13.31
Wabash	......	......	7.18	......
Wheeling & Lake Erie	......	......	4.48	......

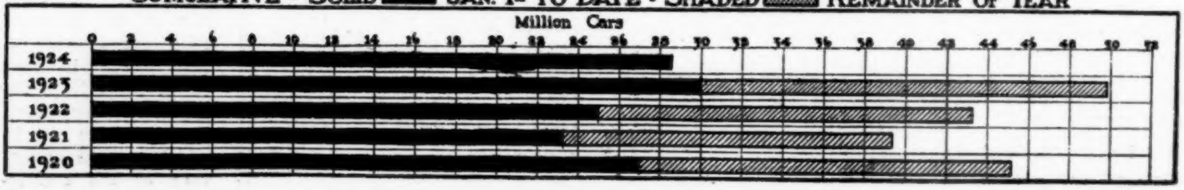
* Earnings given in this table are not an estimate of the full year's results but simply indicate the annual rate of earnings for the first seven months.

Conditions in the Northwest

The Northwestern grain carriers had to contend with a considerable falling off in traffic but in most cases were able to offset this loss of business by increased operating efficiency. *Great Northern, Northern Pacific* and *Chicago & North Western,* in the first seven months, just about covered their dividend requirements allowing for seasonal variations of traffic, but in view of the higher prices now prevailing for grains business in the Fall months promises to be very satisfactory and, for the full year, dividends will probably be covered by a comfortable margin.

Generally speaking, the roads are in good physical condition and in a position to handle the large volume of traffic which promises during the autumn months. Equipment buying is increasing moderately but, of course, is decidedly below the volume of purchases at the peak of last year. Labor conditions continue sound with no strikes in the distance. Efforts to reduce freight rates are not meeting with much success. Fundamentally, therefore, the carriers appear in a good position.

CUMULATIVE · SOLID JAN. 1st TO DATE · SHADED REMAINDER OF YEAR



Rail Freight Traffic (Number of Cars Loaded)

School for Traders & Investors

Thirty-Ninth Lesson

Why Active Stocks Give Best Trading Results

Disadvantages of Inactive Issues Described

THE above caption is a brief statement of our fourth cardinal principle of trading. In our recent enunciation of this principle, we expanded the idea by stating the negative as follows: Do not tie up funds in obscure or inactive stocks, and avoid thin-market issues except in long-pull operations. If we assume that the average trader is not interested in long-pull operations, we may dispense with the exception.

Most experienced traders follow this principle almost instinctively, and they know why. It is because the active issues are the speculative favorities and have the widest swings. They also have more swings in a given period of time. The speculative pendulum usually swings a little too far each way, as the price movement of such issues overdiscounts the good and bad news from day to day, and the favorable and unfavorable fundamental developments from month to month. Furthermore, this pendulum is always kept swinging. Hence, the laws of probability are operating in favor of the trader in the active issues.

The active issues offer the most favorable opportunities for either the minor swings of the market, extending over periods of ten to sixty days, or for the daily oscillations. They are even to be favored for long-pull operations, because a large percentage of such stocks have strong fundamental qualities, and the well-margined trader is usually able to close his trade successfully, even if his original buying or selling point is unwisely chosen, provided his judgment of the general trend is correct. Most active issues follow the average trend of the general market, and with few important exceptions do they move against the trend of the major cycle.

Active issues may be bought and sold many times during an ordinary market session, and the price changes are usually ⅛ to ¼ point between sales, and seldom over ½ point, whereas the inactive issue may appear only once or twice a week, and even during periods when relatively active, they may jump from five to ten points between sales. Therefore, it is apparent that if a trader finds that he has made an error in his judgment of the immediate trend of an active stock, he may have several opportunities to get out, or reverse his position, within a fraction of his original price. In a thin-market issue, on the contrary, he may find himself "sewed up" for several weeks before he can withdraw without injury.

When "Stop Orders" Are Used

Again, the active issue permits the use of stop orders with every expectation that they will be executed within a small fraction of the designated price, and frequently at the exact price, provided the volume of stock involved is not large. On the other hand, a stop-loss order in a thin issue, where the floating supply is small, has often been executed as far as ten points away from the stop price.

The mere activity of a stock is not the deciding factor for all classes of traders, or for all degrees of marginal protection. The small trader who is able to trade successfully in such stocks as Anaconda, Kennecott, Texas & Pacific or Marine Preferred, may find General Electric entirely unsuited to his purpose, in spite of the fact that the latter has been among the active issues recently. Furthermore, activity without considerable price movement is uninteresting, witness General Motors which has not moved out of a 3½-point range since the first of the year.

Among the most active and popular issues during the past year have been U. S. Steel, Pan American B, N. Y. Central, Baldwin, Mack Truck, American Smelting, Kennecott and American Can. A simple comparison of the swing of the average price of a few of these issues, with the average price of 50 or 100 stocks, will show the advantage of favoring the active stocks.

Suppose our trader is particularly interested in stocks representing certain industries with which he may consider himself familiar. He would certainly have better opportunities in Cuba Cane Preferred or Punta Alegre than in Manati; Baldwin rather than American Steel Foundries; U. S. Steel or Gulf States rather than Youngstown; Mack Truck rather than Hudson Motor; Kennecott rather than Greene; and Tobacco Products rather than Bayuk.

We may summarize our arguments in favor of trading in the active stocks by recapitulating some of the advantages as follows:

1. *Ready market;*
2. *Small price change between sales;*
3. *Numerous price swings;*
4. *Wide price range during minor cycle;*
5. *Stops may be used with confidence;*
6. *Trend may be judged with greater accuracy.*

When issues like these are available:

Stock	Approximate Daily Vol.	Customary Price Change
U. S. Steel	25,000	⅛—¼
Baldwin	20,000	⅛—¼
Can	20,000	⅛—¼
Pan. B	12,000	⅛—¼

Why attempt to trade in stocks like these?

Stock	Approx. Vol.	Frequent Price Change
Bayuk	1 sale in 1 mo.	6 points
Fisher Body	1 sale in a week	14 "
Bush Terminal	1 sale in a year	20 "

Or these:

	Price Range in 6 Mos.
Gen. Motors	Only 3 points
Orpheum	" 2 "
Pennsylvania	" 3 "
Am. La France Fire Engine	" 2 "

What the News Means

~ Timely and plain-spoken interpretations of the important financial happenings of the day ~

WAGERS in Wall Street are quoted at from three to four to one that Coolidge will be re-elected. What Wall Street *says* and what Wall Street *does* are often two entirely separate matters. When Wall Street is willing to wager long odds that Calvin Coolidge will continue to be President of the United States after March 4 next, however, one may rest assured that Wall Street is acting, not from sentimental reasons, but from the strongest of convictions. There is no section of the country which has better facilities or takes greater pains to keep in touch with the political temperature of the country. At least this much is certain, as Wall Street bets so it believes. The intensity of its belief is in direct ratio to the length of the odds offered.

LITTLE space was given by the daily press to the important confirmation of the fact that the STANDARD OF INDIANA and the SINCLAIR interests work in the closest co-operation. Yet the item is of much significance.

At the inquiry being conducted by Attorney-General Barret at Jefferson City, Mo., into gasoline prices and practices in Missouri, it developed that the Standard of Indiana owns a half interest in the Sinclair Crude Purchasing Co. and in the Sinclair Pipe Line Co. Standard of Indiana, then, is an equal partner in two important Sinclair companies. The question naturally arises and has still to be answered, as to what extent, if any, the Standard of Indiana is interested in the great Sinclair Consolidated.

* * * *

APPLICATION filed with the Michigan Public Utilities Commission by the CALUMET & HECLA COPPER CO., states that copper is shipped from Chile, South America, at about 2 cents less a hundredweight in freight rates than from the copper country in northern Michigan to the same terminus, Detroit. This is a significant sidelight on the copper situation and is one of the reasons why many formerly prosperous American copper producers are barely making both ends meet, if they are doing that. The astonishingly low cost of the great South American mines of the Chile, Cerro de Pasco and Braden copper companies, plus their enormous outputs and a favoring freight differential, enables them to lay down the metal on the very threshold of the Michigan producers at ruinously low prices. There are now only three or four mines operating in the northern Michigan section, compared with 14 in 1917, and those in operation are not making expenses. Either the copper market will have to show a marked improvement or steps will have to be taken to prevent an important section of the copper-producing industry from dying completely.

* * * *

THE effects of Judge Gary's statement that a notable improvement is forthcoming in the steel industry were unfortunately marred by the action of the YOUNGSTOWN SHEET & TUBE directorate in reducing their dividend from $5 to $4 annually. It seems that there is a conflict of opinion on the steel outlook, judging from the optimistic things the Judge had to say, compared with the cut in the Youngstown dividend. Important as it is, however, the Youngstown company is not so important a factor in business as the U. S. STEEL CORPORATION and the latter, be it noted, as still continuing and probably will continue its fifty cent extra dividend on the common stock. It is not likely that Judge Gary would follow up his optimistic utterances by ordering the omission of the extra dividend. For that reason, the cut in the Youngstown dividend has not the general significance ordinarily attached to developments of this nature.

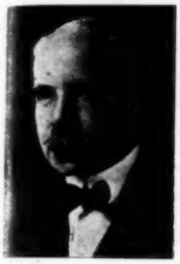
* * *

DECISION of the copper producers to discontinue giving out monthly statistics is a confession of weakness. Corporations and associations are a good deal like individuals. The man who makes a "turn" in the market is never

THE WEATHER AS FORECASTER

THE sharp break in AMERICAN ICE COMMON which has carried the stock from a high of 96 down to about 70 is reported as due to a reduction in earnings following an exceptionally cool Spring and early Summer. This is one of a large number of companies which are dependent on weather conditions for their earnings. Investors have a habit sometimes of attributing great importance to weather conditions when it comes to the crops but are entirely oblivious of the fact that the weather can make or break a strictly business organization. One of the best trade barometers is the weather and more attention should be given it in estimating the trend of earnings. This proposition will no doubt be agreed to by all in close touch with the cotton, woolen, silk, automobile, building, oil, tire, merchandising, coal, railroad, steel, food, public utility and a few other industries.

Let's Hope So!



Otto H. Kahn told Chicago bankers that a European settlement under the Dawes plan means an era of prosperity for the United Staes. Dumping of German goods will be prevented by demands of their workmen for fair wages, together with heavy reparations payments and taxes and the necessity of buying raw materials from other countries.

very reticent about it, but discusses his losses only with his intimates. Corporations, when their affairs are running strongly, are never shy on information. Sometimes they get so enthusiastic that they break out into quarterly statements. Bad times, however, quickly cure that rash. The only sound reason that the copper producers have for refusing to continue the practice of giving out monthly statistics is that they have something to conceal. And that something is that the copper situation is by no means satisfactory. Consumption is enormous but there is still too much production.

* * * *

LATEST news from the motor-manufacturing centers indicates that the uncertain outlook has passed and that the industry has definitely turned for the better. There have been several price advances, indicating a strong position on the part of manufacturers and PRESIDENT ERSKINE of the Studebaker Corporation recently stated that his company is looking forward to capacity production by October. By that time it is expected that the number of Studebaker employees will be increased from 15,000 to 18,000. Under the circumstances, therefore, it would be logical to look for the motor stocks among the leaders of the next market advance.

* * * *

THAT the oil situation leaves something to be desired is apparent to anyone who takes the trouble to look into the statistical position of the industry. It is apparent that 1924 will not go into financial history as an "oil year." We have just finished one of the two months which are usually the greatest consumptive months of the calendar and while there have been substantial decreases in stocks in refiners' hands, as might be expected, the percentages of decrease have been small as compared with total stocks. Beginning with October, the oil industry enters into a six-months' period when consumption falls off sharply. It is obvious that sellers of gasoline and oil products will keep prices as high as possible during the season of big demand but the question arises as to what is likely to happen thereafter. Production is running at a very large rate and there is a limit to the amount of stocks refiners can carry. Drastic price cuts have been the only effective corrective to situations in times past. It would appear, then, that unless there is an unexpected turn in oil affairs that a "shake-out" is on the cards. Some companies have taken the bull by the horns and have financed themselves while money is cheap. Others like Sinclair and Atlantic Refining have lightened ship by omitting dividends.

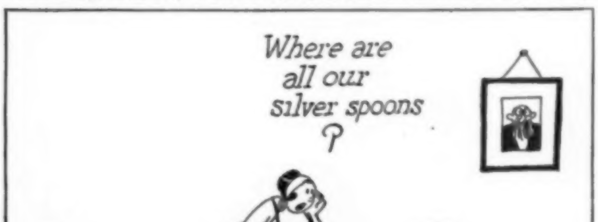
* * * *

SECRETARY MELLON'S statement that the German loan will be a first lien on Germany with his attempt to encourage the participation of American investors in this loan is news of first-rate importance. So far as we know, this is the first direct attempt of this Government, even unofficially, to encourage purchase of a foreign issue in recent times. It does not seem a wise move to interest small American investors in a bond issue which is necessarily surrounded with so many uncertainties. Will Secretary Mellon stand ready to make good any losses the American investor may have as a result of his buying the bonds? Incidentally, be it noted, the London authorities do not seem nearly so enthusiastic as our Secretary of the Treasury. Maybe, being a little closer to the scene of action they have a better understanding of conditions.

* * * *

LAST October, President Wood, of THE AMERICAN WOOLEN COMPANY made the following statement: "The $7 dividend this year will be earned and paid. The company, moreover, has a profit and loss surplus of $33,000,000 built up through a long period of years. This the management and directorate naturally have always regarded, since the mills are entirely free of liens or obligations, as protection for the preferred and common dividends." A few days ago, the common dividend was passed. We soberly ask what sort of a protection the surplus of American Woolen was so far as the common dividends are concerned. Possibly, common shareholders in the company will be solaced in the passing of their dividend by the knowledge that the company, according to President Wood has a profit and loss surplus of 33 millions. There are a few, however, who would prefer to have the surplus a little smaller, if their dividends could have been continued. We believe that corporation officials should be a little more careful in making their statements to the public.

WELL KNOWN MARKET TERMS №4



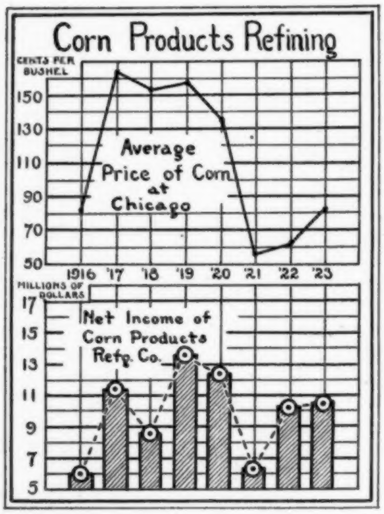
From annual report.
YOUR COMPANY HAS INCREASED ITS ASSETS

Industrials

The Outlook for Industrial Stocks

Securities of Twelve Principal Companies Analyzed and Compared

By the Editorial Staff of The Magazine of Wall Street



Comparison of the above graphs would seem to indicate that there is a close relationship between Corn Products' earnings and the price of corn. As a matter of fact, the close correspondence shown is a coincidence, almost entirely. The company's results actually depend upon many other factors beside the corn market

CORN PRODUCTS REFINING CO.

Will Higher Corn Prices Affect Earnings?

THE most important factor now affecting the earnings of Corn Products Refining is the present high price for corn which is used extensively in the making of its products. With corn at $1.10 per bushel compared with a low last year of $0.67, it is pertinent to inquire as to whether or not margin of profit will not be greatly reduced.

According to advices from official sources, the increase in price for manufactured products during the past few months practically offsets the higher prices that must be paid for raw material, but even so, it is possible that sales volume will be lower as a result of this change. Just as sales are usually increased by price reductions they are generally held back by higher price figures.

In the first six months of the current year, the company reported net of 5.4 millions compared with 6.0 millions in the same period of last year. This was equivalent after preferred dividends to $1.80 and $2 a share, respectively, on the 2.9 million shares of common stock now outstanding. The change in the price of corn, however, would scarcely have affected earnings during the first six months of this year, so it is yet to be seen what the result will be.

A comparison of past profits and then existing corn prices is interesting. During 1917, 1918, 1919, and 1920 corn sold consistently above $1.50 and yet Corn Products Refining reported large profits. Net income in 1920 amounted to 12.5 millions compared with but 10.3 millions in 1923. Evidently the price of corn had little material effect.

The $2 annual dividend rate on the new common stock of $25 par value appears well secured and the strong financial condition of the company warrants the continuation of a liberal dividend policy so long as earnings are favorable. **The return of approximately 6 per cent at present prices of 33 is not particularly large but, for the security of a company so highly regarded, it is desirable. There is no reason why the holders of the issue should dispose of their shares at this time.**

UNION BAG & PAPER CORP.

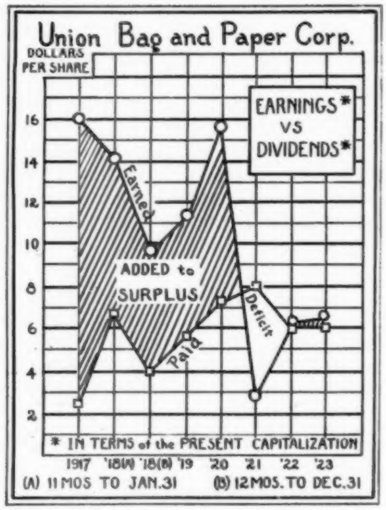
What to Do if Dividend Is Reduced

The record of this company falls clearly into three stages:

1. Before the war—earnings poor.
2. 1916/1920 —earnings excellent.
3. 1921/1923 —earnings mediocre.

Like most industrials, Union Bag benefited largely through war conditions. It paid substantial dividends, including 50% in stock; and at the same time acquired new properties, chief of which was a substantial interest in St. Maurice Paper Co., a prosperous Canadian newsprint manufacturer. It also strengthened its position in its own lines of bags and wrapping paper.

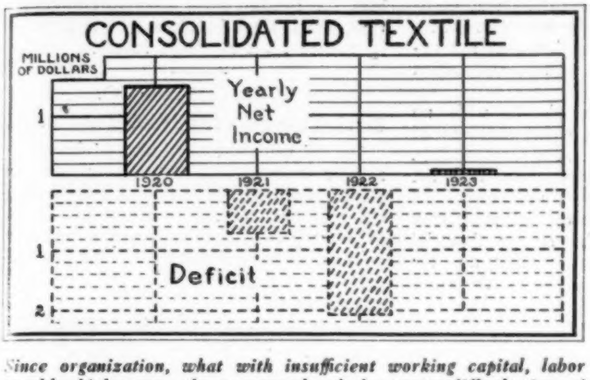
Its deflation losses came in 1921, and required a replenishment of working capital by a $6,500,000 bond issue. Nevertheless, it has consistently maintained a $6 dividend on the $14,978,000 of stock, par $100. The graph shows, however, that



The graph shows that requirements were barely earned in 1922 and 1923. A cut in the dividend rate from the present six-dollar disbursement seems in prospect

the requirements were barely earned in 1922 and 1923. Even this was made possible only through receipt of generous dividends from the St. Maurice Paper investment, representing nearly all the available profits.

Evidently the paper industry had not recovered fully from the post-war depression, for International Paper shows an even more marked shrinkage in earnings. Naturally the current business depression has not helped matters, so that it would seem probable that the $6 dividend will not be covered this year. The present price of about 45 barely discounts a cut in the dividend rate. Were the dividends made $4, the stock would not be unattractive, assuming fair prospects of a recovery in business. Unfortunately we have no definite information regarding current profits and the past record is too irregular to afford a basis for an estimate of normal earning power. **Considering the company's comfortable financial position, and its enlarged and improved plant capacity compared with pre-war days, the stock might prove a good speculation if bought on a recession after a cut in the dividend.**



Since organization, what with insufficient working capital, labor trouble, high wages, the company has had a pretty difficult time of it. Under favorable conditions it should develop a large earning power but, in the mean time, it seems to be headed toward a financial reorganization

CONSOLIDATED TEXTILE CORP.

Financial Reorganization Practically Certain

Consolidated Textile was organized in 1919 as a consolidation of a large number of cotton mills located in the South. In 1920 it acquired the entire common stock of B. B. & R. Knight, Inc., which owns seventeen cotton mills located in the New England States. The latter company in 1921 acquired control of Converse & Co., selling agents.

Since organization, the company has been having a rather difficult time of it. In the first place, it has been hampered by insufficient working capital and, although this was increased through sale of additional stock in 1922, the company is still a substantial borrower from the banks. Another unfavorable factor has been the labor situation, especially as regards the New England properties. Not only have strikes seriously interfered with the operations, but advances in wages have materially reduced the margin of profit.

Consolidated Textile is the largest combination in the United States engaged in the manufacture of cotton goods, its products being sold under trade names which are well established both in domestic and export markets. Under favorable conditions, it would appear that the company is capable of developing a substantial earning power. However, recent default on the B. B. Knight 7% bonds indicates the necessity for complete reorganization of the present company.

Balance sheet as of December 31, 1923, showed current assets of 16.5 millions consisting of 2 millions cash and marketable securities, 8.3 millions accounts receivable and 6.6 millions inventories. Against this, current liabilities were 9.2 millions of which 6.8 millions represented bank loans. Capitalization consists of 11.8 millions funded debt and 1,273,895 shares of common stock, no par value. The financial structure is obviously weak and additional funds could be used to advantage.

During the current year, conditions in the company's business have been very poor and in the early Spring, operations of the New England properties were drastically curtailed. The management, however, anticipated a period of poor business and adopted the policy of holding inventories at a low level. Already, there have been signs of improvement in the industry and Consolidated Textile is in a position to take full advantage of any such improvement. It is not expected, however, that the turn will be rapid enough to enable the company to make up the losses sustained during the first part of the year and it is probable that for the full 1924 year a deficit will be shown. In fact, a financial reorganization of the company seems practically certain.

In view of relatively weak financial condition of the company and the unfavorable operations this year, the common stock is naturally in a very highly speculative position and, in the event of reorganization, its value would be problematical.

GENERAL ELECTRIC CO.

Now Owned by Speculators

The stock list is full of "Generals." There is General Asphalt, General Baking, General Cigar, General Motors, General Petroleum and General American Tank. To be perfectly fair we must state that this last is a car company.

But the greatest General of them all is General Electric, which wears a modest dividend of 8% plus a small extra and a sky-rockety price of 275. At this figure, it is selling at more than twice American Telephone & Telegraph, the world's premier investment stock which pays $9 per share per annum, and over 100 points more than American Car & Foundry, a $12 stock selling at 167.

How did it get there? Ask the pool that accumulated it around 175, boosted it when opportunity offered, and touched off the sky-rocket in the late bull market. To be sure it is earning a lot of money, and perhaps there is a chance that some day a melon may be cut; and maybe it does own a lot of equities in public utility companies. But do all these things justify a price of 275? Is not this capitalizing hope to the tune of a hundred points or so?

The most important thing to know about any stock, as we have frequently observed, is: Who owns it? For many years past General Electric was held in comparatively small lots by a great number of people. But with this recent rise to record high, the scene has changed. The one, five, ten and twenty-five share lots have been emerging from safe deposit boxes and trust funds and musty looking envelopes. There has been a steady flow into the odd-lot houses. Investors have sold these fractional lots, and the odd-lot dealers have concentrated them into hundred-share lots which have been sold in the market at these high prices. To whom? To a lot of somebodies who are carrying them on margin. The investor buys on facts, but the speculator is apt to buy on hope. The higher a stock goes, the better he likes it; the more his cupidity is aroused. General Electric at 275 appeals to some people just as Bethlehem Steel and General Motors did at 800. They like blue chips. Why pike? Great Northern preferred used to sell above 300; St. Paul nearly 200; Northern Pacific up in the centuries; and they at that time held the same appeal to the same speculative class.

Some day the speculators are going to try to sell out on each other. They

When a stock like General Electric runs up to unheard-of figures everybody begins to think there is no limit to the heights to which it can rise. We believe there is.

will not find insiders there to take their holdings—at least, not until the stock gets down to prices which are fairly within reason.

The trouble is that when a stock like General Electric runs up to unheard of figures, everybody begins to think there is no limit to the height to which it can rise. We believe there is. It is merely a question of supply and demand, and supply from investors, sooner or later, is going to overcome the demand from speculators.

Our eyes are not closed to the possibilities of General Electric, but we believe that for the most part the speculative excitement has been overdone. The best informed people in General Electric have sold out.

AMERICAN CAR & FOUNDRY CO.

Does Outlook Justify Its Present Price?

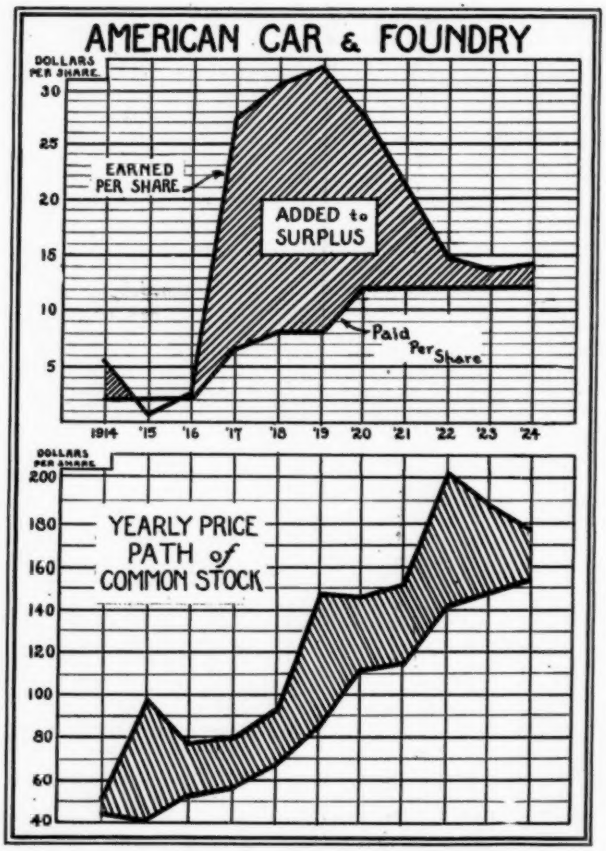
The American Car & Foundry Co. is one of the largest factors in the railroad equipment business and has a good past record. Production is well diversified, consisting of freight cars, passenger cars, and miscellaneous car equipment. Properties include wheel foundries, water and gas-pipe foundries, brass and malleable iron foundries, saw mills and twenty separate plants for the assembling of cars.

Although earnings previous to the war period were by no means large, the more recent history of this organization has been one of prosperity. In 1919 (year ending April 30th) net income came to the record figure of 11.7 millions and profits for the 30 millions of common were equivalent to $32.00 a share. There is one thing to be noted here, however, which has more than passing significance. Since 1919, there has been an almost continuous decline in the size of net income which might possibly indicate that the company is sliding back into the class of relatively poor earners.

For instance, net income for the year ending April 30, 1920 was only 8.5 millions; 1921, 6.5 millions; 1922, 6.5 millions; 1923, 6.2 millions and in the year ended April 30, 1924 net income amounted to but 6.3 million dollars although this was a boom year in the rail equipment business.

This gradual decline in net income has meant a falling off in net per share for the common stock until, in the past fiscal year, the amount shown was but $14.00 a share compared with dividend disbursements of $12 a share. This is not a wide margin of safety by any means. One might suspect that this means that earnings are being hidden by way of replacements and the like, but this does not appear to be the case from an examination of the balance sheet.

Capital structure is simple with no funded debt and with equal amounts of preferred and common outstanding. Financial position is also strong with net working capital of 36.6 millions as of April 30, last, in excess of preferred stock outstanding. It is the strong financial position and large surplus that are the bullish arguments in favor of the company's securities.



From the standpoint of the trend of earnings in the last few years and the narrow margin of safety over present disbursements of $12 a share on the common, the Car & Foundry issue does not appear especially attractive at 167, yielding but slightly over 7%

But from the standpoint of the trend of earnings in the last few years, and the narrow margin of safety over present disbursements of $12 a share annually on the common, this issue does not appear to be especially attractive at 167 to yield but slightly over 7 per cent. It is even doubtful if net for the present fiscal year will cover the dividend requirement. Buying of rail equipment has not yet been of sufficient proportions to warrant an increase in operations to any extent and expenses will have to be pared to make a favorable report.

All of which does not mean that American Car & Foundry common has lost its fundamental investment position, but it does indicate that it is sellig rather high at these levels.

FLEISCHMAN CO.

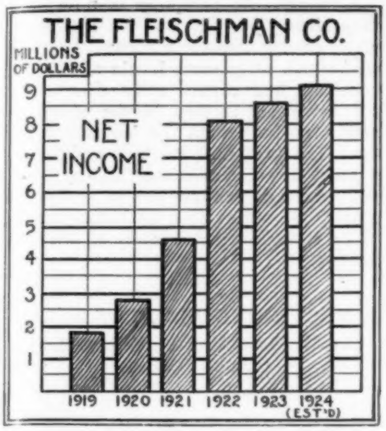
Stock Now on Very Small Yield Basis

One of the most persistent advances in a year featured by spectacular market performances has been that of Fleischman Co. common stock. From a low of 44¼ in January the stock has marched steadily forward to a recent high of over 72. In fact, since a year ago it has advanced practically 100%.

Although the company's earnings have shown a consistent upward trend and 1924 promises to be the greatest year in Fleischman's history, as will be seen by reference to the accompanying graph, there has been no gain to compare with the big market appreciation of the stock in the past year. Neither has the company's financial condition shown any corresponding improvement, as indicated by net current assets of 12.7 millions as of December 31, 1923, compared with 11.1 millions at the end of 1922, a gain of only 15%. Reference to the last balance sheet also shows net assets applicable to the common stock equal to only $20.83 as against $18.58 a share at the end of 1922.

The best explanation of the upward surge of Fleischman Co. common stock will probably be found in the persistent increase in profits during the past years and a growing appreciation on the part of the public of the strong trade position occupied by this company. Fleischman today is the largest manufacturer and distributor in the United States of distilled vinegar. The company also produces malt, in connection with which a number of grain elevators are controlled and a large export business maintained. In its Canadian plant, gin is also manufactured. It is significant to note that the growth in profits has been coincident with the advertising and development of yeast as a health food and as an element in domestic manufacture of alcoholic liquors. Although the company has been in successful operation for more than 50 years, it is only in recent years that earnings have been noteworthy.

Profits in the first half of the current year equalled $3.02 a share on the common stock or at the rate of $6.04 per annum, against $5.70 earned in 1923 and $5.53 a share in 1922. The stock, which is a comparative newcomer on the New York Stock Exchange, having been introduced last year, carries a regular dividend rate of $3.00 per annum, occasional



The best explanation of the upward surge in Fleischman common will probably be found in the persistent increase in profits during the past years

extras of 25c. a share having been paid.

Indications are that if the growth in earnings continues, the dividend rate may be increased or extras become more frequent. However, at present prices of 70 the stock figures to yield only 4% based on the present regular rate, and under the circumstances current high levels would seem to have discounted the possibilities of the situation for some time to come, especially since an earning power of approximately $6 a share per annum would hardly warrant any higher prices than those now prevailing. **With stocks like White Motors, Westinghouse Electric & Mfg. and Continental Can obtainable at lower levels, but paying more and earning far more per share, stockholders of Fleischman would now seem to be justified in taking their profits by switching to these issues.**

ALLIED CHEMICAL & DYE CORP.

Still in Building-Up Process

Allied Chemical is the largest manufacturer of chemicals in the United States, and turns out an extraordinary diversity of products. Practically every important industry in the country is dependent upon some product of this corporation. Allied Chemical was organized in 1920 as a consolidation of the General Chemical Company, National Aniline & Chemical Co., The Barrett Co., The Semet-Solvay Co. and The Solvay Process Co.

While only a moderate earning power has been shown for the common shares, there has been steady improvement each year, as can be seen from the accompanying table. Moreover, the earnings were reported after deducting very large sums for depreciation, obsolescence and improvements. In the future, the company should not have to write off so much, for the large write-offs made represent in part the readjustment of the company's business from a war to a peace basis.

Under the same operating conditions, therefore, Allied Chemical in the future should be able to show a considerably larger balance earned on the common shares. In 1923, a surplus of 7.7 millions was reported after payment of common and preferred dividends, but the balance sheet at the close of the year showed an increase in working capital of 17 millions which indicates how conservatively earnings are reported.

At the close of 1923, current assets were 101.2 millions of which over 50 millions represented cash and marketable securities. As against this current liabilities were only 12 millions. Capitalization consists of 1.3 million funded debt, 39.2 millions 7% cumulative preferred stock and 2,177,843 shares of common stock no par value. Net tangible assets applicable to the common stock amount to approximately $65 a share. Large sums have been written off for depreciation of plants and the physical assets of the company are carried on the balance sheet at a conservative valuation.

Although earnings suffered somewhat from the slowing up of general business in the early part of the year, business recently has been good and for the full year operations are likely to be as profitable as last year. However, it is quite possible that larger earnings will be shown on the common stock, as the charge-offs for depreciation and obsolescence may not be as heavy.

Allied Chemical

	1921	1922	1923
In Millions of Dollars:			
Net Income	8.4	15.1	19.1
Surplus After Div. (deb.) ..	2.9	3.7	7.7
Work'g Capital	65.1	72.5	89.3
In Dollars per Share:			
Earned on Com.	2.64	5.75	7.53
Paid on Com....	3.00	4.00	4.00

Although earnings suffered somewhat from the slowing up of general business in the early part of the year, business recently has been good, and for the full year 1924 operations are likely to be as profitable as last year.

The 7% preferred stock is entitled to a high investment rating, but at present levels of 115 is selling in line with stocks of similar grade and is not likely to advance much further.

The common stock selling around 73 appears high for a $4 issue, especially as an early increase in the dividend is not probable. The company is still in the building-up process but the foundation is undoubtedly being laid for higher dividends in the future. **While the common stock has excellent long-pull possibilities it is probable that later on the opportunity will be presented to acquire the shares at more favorable levels.**

STANDARD PLATE GLASS CORPORATION

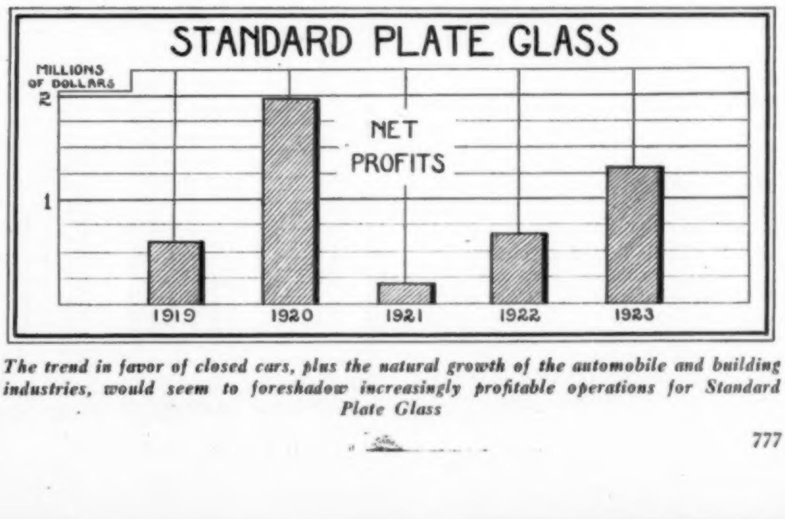
Its Long-Pull Possibilities

On the basis of present prices of around 30 and $3 per annum dividend rate, Standard Plate Glass Corporation common stock yields approximately 10%. In view of this attractive return, it is interesting to note that the parent organization (the Standard Plate Glass Company) has an uninterrupted dividend record extending back to 1900 and that present dividend requirements are being maintained by a very substantial margin.

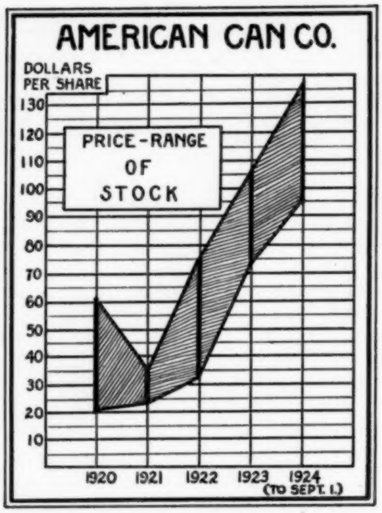
In the first six months of the current year the Standard Plate Glass Corporation is reported to have earned approximately $3 a share or at the rate of $6 per annum as against the annual dividend rate of $3 indicating a high degree of dividend safety.

The Standard Plate Glass Corporation was incorporated in August, 1923, as a consolidation of the Standard Plate Glass Co. (organized in 1887) and the Heidenkamp Plate Glass Corp. (established in 1900). Capital stock of the corporation consists of $2,000,000 7% cumulative preferred stock authorized and outstanding; $6,000,000 cumulative preferred authorized of which $4,125,000 is outstanding and 200,000 shares of no par value common, authorized and outstanding. Entire funded indebtedness of corporation has been retired this year.

The Standard Plate Glass Corpora-



The trend in favor of closed cars, plus the natural growth of the automobile and building industries, would seem to foreshadow increasingly profitable operations for Standard Plate Glass



While there has been a remarkable improvement in the company's affairs in the last few years, the advance in the price of the common has been even more startling

tion's manufacturing plants are located at Springdale and Butler, Pa. The corporation manufactures tremendous quantities of plate glass for automobiles, buildings, and homes. In connection with its automobile business, it is significant to note that closed cars are rapidly gaining in popular favor. This trend of affairs plus the natural growth of the automobile and building industries, would seem to foreshadow increasingly profitable operations for Standard Plate Glass Corporation, representing as the consolidation now does one of the largest and most important factors in the plate glass industry.

While the common stock is somewhat unseasoned and probably has not been thoroughly digested from a market standpoint, it evidently is not unattractive at present prices as a long-pull holding in view of the liberal dividend yield, satisfactory margin of profits and the apparent earning potentialities of the corporation.

AMERICAN CAN CO.

What the Common Stock Has Discounted

When American Can Company was incorporated in 1901 as a consolidation of several companies engaged in the manufacture of cans and containers, it was handicapped by a top-heavy capitalization and was a good example of the stock-watering methods prevalent at that period. The American Can Company of today is an entirely different proposition. Years of careful nursing has brought the sickly infant to robust manhood and substantial equities now lie behind its securities.

In recent years, an ultra-conservative policy has been pursued by the management and dividends on the common stock were only initiated in 1923, although earnings apparently justified payments several years earlier. For ten years ended December 31, 1923, surplus earnings available for common dividends were equivalent to $86 a share and, with the exception of the $5 a share paid in 1923 on the common, all this money was retained by the company. Moreover, very liberal sums have been charged off for depreciation in recent years and the plants maintained at a high degree of efficiency.

In addition to greatly increasing its plant facilities, American Can in the past ten years has doubled its working capital which now stands at 41.3 million, and it also decreased its funded debt from 15 million to 5 million. These results have been accomplished without new financing, capital stock outstanding being the same as when the company was organized; that is 41.2 millions of 7% cumulative preferred stock and 41.2 millions of common.

For the year ended December 31, 1923, American Can earned $19.64 a share on the common compared with $18.30 a share in 1922. Operations thus far this year have been on a favorable basis and indications are that earnings will be equally as good as in 1923. Previous to 1922, however, earnings were at a much lower rate, the four years 1918-1921 averaging only slightly over $5 a share. Current earnings of around $20 a share are being produced under very favorable conditions in the canning industry, and it is by no means definitely assured that earnings in the future can be steadily maintained at as high a rate.

While there has been a remarkable improvement in the company's affairs in the past few years, the advance in the price of the common stock has been even more startling. In 1921, the low was 23½ and the high 35½, and even in 1922, it sold as low as 32¼. It is now over a hundred points above these levels despite the fact that the dividend rate is only 5%. An extra dividend of $1 was paid on February 15th but none has been declared since.

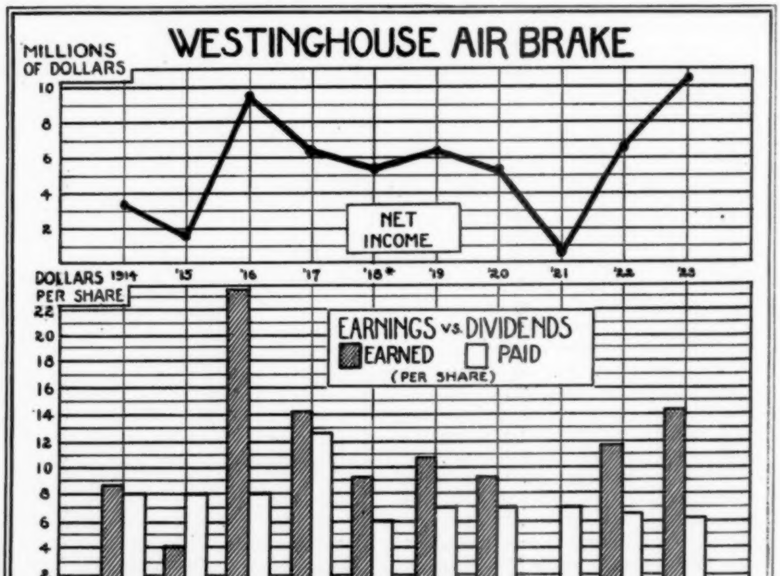
Although the company is now in a very strong position and an optimistic view of its future business appears warranted, at present levels of 135 the common has rather fully discounted the favorable factors in the situation and is no longer on the bargain counter. The preferred stock is entitled to a good investment rating, but at present levels of around 116 is selling at about the same level as other stocks of its class and is not likely to advance further.

WESTINGHOUSE AIR BRAKE

Stockholders May Anticipate Continued Success

This is a leader in its field. But while railroad brakes constitute its best known product, it is engaged in many different lines of manufacture, chiefly through subsidiaries. These include storage batteries, signalling devices, gasoline locomotives, stokers, etc. It has foreign interests in England, France, Germany, Italy, Russia and Australia.

The capitalization consists solely of 787,-177 shares of stock, par $50, selling at 94. Hence the company is valued in the market at $74,000,000. Its net tangible assets are $45,000,000, of which $28,700,000 are current. The premium at which the stock is quoted is easily explained by reference to its earnings record. Since 1913 profits have averaged $10.60 per share. Although the railroad equipment business is notoriously subject to wide fluctuations Westinghouse Air Brake shows a relatively stable earning power. In no year of the past twenty was a deficit reported, and in only two has it earned less than 15% on its capital. It is significant of steady growth that the largest profits in its history were reported in 1923, when $14.12 was earned per share.



Westinghouse has paid frequent stock dividends, the last of 35% being paid in 1923. It is significant of steady growth that the largest profits in its history were reported in 1923

The dividend record goes back uninterruptedly for over 30 years, the lowest rate having been $4.75 in 1922. There have also been frequent stock dividends, of which the latest was 35%, paid last year. The current cash rate is $6 per share, yielding 6.38%.

If the value of the various stock dividends be added to the price, the present quotation of 94 would be close to the highest on record. But if these dividends are considered merely as part of the stockholder's income, the present level would appear rather low, when compared with the past. Westinghouse Air Brake is one of those strong old companies in which seems planted the principle of constant growth. At this moment it is threatened with new competition from the Automatic Straight Air Brake, which has apparently been aided by a recent ruling of the I. C. C. **Such difficulties it should be able to surmount, as others in the past; and the stockholders should be able to look forward to a continuance of the generous treatment they have been receiving for so many years.**

AMERICAN HIDE & LEATHER COMPANY

Why Its Securities Are Exceptionally Speculative

Both the common and preferred stock of the American Hide & Leather Co. are to be regarded as very speculative for two reasons. One is that the company is a unit in an industry that is poorly situated. The other is that profits of this particular organization have never been of a very favorable nature.

Since 1914, net available for the 7% cum. preferred stock, of which there is 12.5 millions outstanding and on which dividends have accrued to the extent of 136%, has averaged but approximately $3 a share. Nothing has been paid on the issue in the way of dividends since 1921.

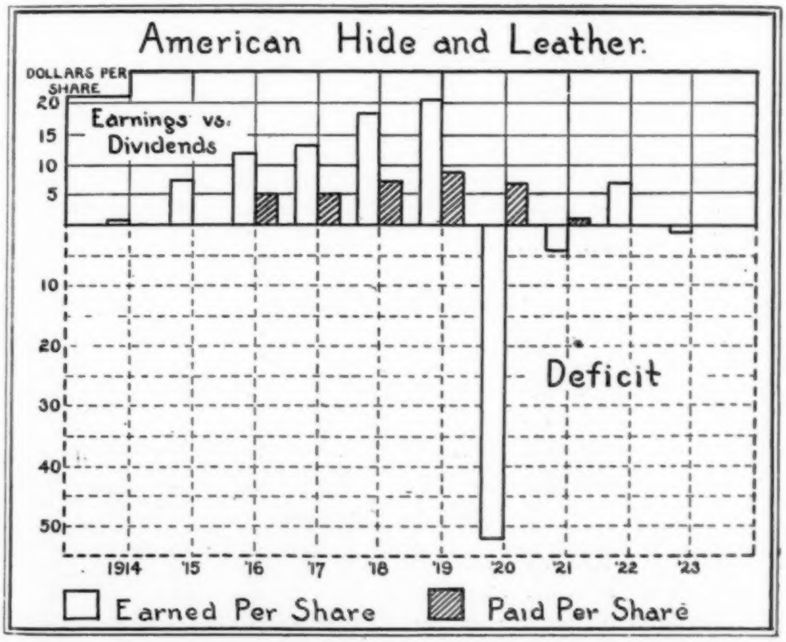
In 1922, profits amounted to $8 a share on the preferred and a small deficit was shown in the past year. Net for the first six months of 1924 amounted to $1.90 a share. While there has recently been improvement in the market price of hides indicating an appreciation in inventory values for the company, the price of leather has increased but slightly. The result must of course mean a smaller margin of profit.

Financial condition is presumably fair with working capital of 7 millions as of Dec. 31, 1923. Current assets amounted to 10.6 millions compared with current liabilities of 3.5 millions. The major part of current assets, however, were tied up in inventories, which came to 8.3 millions. It is altogether likely that inventories have been increased since the first of the year in order to take advantage of low hide markets.

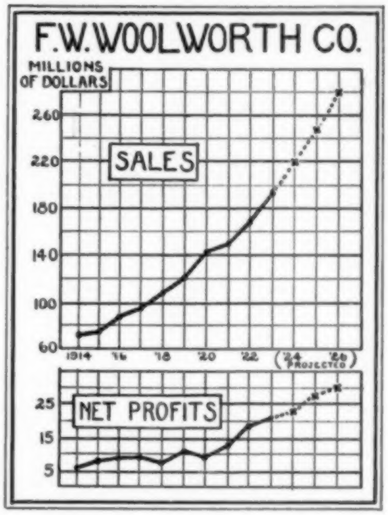
It is difficult to believe that the securities of the company could possibly be attractive even from a speculative angle. While conditions may improve in the leather industry, and it does look as if the corner is at last being turned, this is no assurance that American Hide & Leather will show a substantial increase in net, since it has made poor showings at other times when general conditions were favorable.

Selling at present levels of 61, the preferred is higher than many securities of other companies with enviable records of earnings and dividend payments and there seems to be no logic in this price disparity. The possibility of preferred dividends being paid off by means of a stock dividend, may add speculative interest but actually means nothing in the way of tangible value as long as substantial earning power does not exist.

The holders of this issue could switch into Westinghouse Electric common (selling at 62) to definite advantage, thereby receiving a return of 6.4 per cent on the investment and bettering his possibilities for market appreciation. The Hide & Leather common stock at 10 is merely a gamble.



American Hide & Leather Co., common and preferred, are to be regarded as very speculative for two reasons. One reason is that profits of this particular organization have never been of a very favorable nature



The above graphs trace the ACTUAL *sales and net profits of F. W. Woolworth yearly since 1914, and* PROJECTS *future results for 1924-26, inclusive, on the basis of past performances. The question is how long the steady upward trend will be maintained*

F. W. WOOLWORTH CO.

Its Extraordinary Growth

Woolworth has 2,600,000 shares outstanding (par $25), selling at 112. The market thus values the business at $291,000,000. On September 31st, last, its tangible assets were $58,000,000. In 1923, its gross sales were $193,000,000; net profit $20,698,000; earnings per share $7.96. This year sales will probably reach $220,000,000, which would mean about $9 earned per share.

These earnings alone would hardly justify the price of 112, especially considering its dividend rate of $3 and the tangible asset value of only $23 per share. The market here, as in other chain-store issues, is evidently discounting the future growth of sales and profits. A glance at the appended graph will show the trend of sales and profits. In ten years both turnover and net earnings have tripled. In every year gross shows an increase over any previous figure. Our lines have been projected for three years from 1923 to show what a study of the past will indicate as to the future. In 1926, according to our graph, sales will reach $275,000,000 and profits about $12 per

share. By that time the present quotation will be justified by current earnings, and it is possible that its price will again have moved forward to discount the earnings of 1929.

But can this rate of growth be maintained indefinitely? And particularly can this company continue to earn over 33⅓% per annum on its tangible assets, in a business subject to growing competition? These questions cannot be answered with complete certainty. As far as we can see, the Five and Ten Cent business is still far from the saturation point. As to the question of earnings on cash capital, it may well be that Woolworth's goodwill, expert management, and commanding position in the field, are assets just as real as and far more valuable than its fixtures and stock-in-trade. **Obviously, the stock is not on the bargain counter at present but future earnings should catch up to the present price. It is distinctly of value therefore only as a long-pull holding. For practical investemnt purposes, it should be left alone at these prices because it could have a very severe setback before resuming its advance. Many stocks are more attractive for immediate market purposes.**

Securities and Commodities Analyzed in this Issue

BONDS

RAILROADS

COMMODITIES

PUBLIC UTILITIES

PETROLEUM

INDUSTRIALS

Preferred Stocks

PREFERRED stocks exhibited a very steady tone in spite of the irregularity of the common-share market, and there were a number of issues showing substantial advances. Bethlehem Steel Corporation preferred shares of both classes were in demand, the 8% stock carried in the Guide advancing to 108½. Among the utilities, Public Service of New Jersey 8% preferred and Radio Corporation of America preferred were features. The more speculative issues were inclined to sympathize with the action of common stocks, but it was noticeable that very little stock came out when prices were under pressure and demand for only small lots of stock caused quick recoveries in prices. This division of the market continues to present a firm front and there are still a number of worth-while investment opportunities available to the discriminating investor, in the list shown below. Owing to the uncertainty of the position of the American Woolen Co., as indicated by the recent passing of its common dividend, we are eliminating the preferred stock from the Guide. We do not suggest that the dividend is in danger but the stock may sympathetically be affected by the common issue.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

	Div. Rate $ Per Share	Approx. Price	Approx. Yield	†Divid'd Times Earned
Sound Investments				
INDUSTRIALS:				
American Ice Company ....(n.c.)...	6	80	7.5	2.2
United States Realty & Improvem't Co. (c.)...	7	104½	6.7	2.7
Mack Trucks, Inc., 1st...............(c.)...	7	103	6.8	(y)2.8
General Motors Corp. deb..............(c.)...	7	97½	7.2	(y)5.1
Cluett-Peabody & Co...................(c.)...	7	103	6.8	4.7
Loose-Wiles Biscuit Co. 1st...........(c.)...	7	105	6.6	3.2
Studebaker Corporation ....(c)...	7	114	6.1	20.0
American Can Co. ....(c.)...	7	115¾	6.0	2.5
Baldwin Locomotive Works............(c.)...	7	116	6.0	4.4
Endicott-Johnson Corp. ....(c.)...	7	108½	6.4	4.6
American Smelting & Ref. Co..........(c.)...	7	104	6.7	1.7
American Steel Foundries.............(c.)...	7	105	6.7	5.0
PUBLIC UTILITIES:				
North American Co.....................(c.)...	3	48½	6.2	(w)6.9
Philadelphia Company.................(c.)...	3	45	6.7	5.6
RAILROADS:				
Chicago & Northwestern..............(c)...	7	107	6.5	...
New York, Chicago & St. Louis ....(c.)...	6	89	6.7	(x)2.5
Chesapeake & Ohio conv..............(c.)...	6.50	105	6.2	4.9
Middle-Grade Investments				
INDUSTRIALS:				
Bush Terminal Buildings Co...........(c.)...	7	99¾	7.0	1.1
Coca-Cola Co. ....(c.)...	7	93	7.5	(x)5.1
American Sugar Refining Co. ....(c.)...	7	91	7.7	2.4
Brown Shoe Co.........................(c.)...	7	90	7.8	2.2
Bethlehem Steel Corp. conv............(c.)...	8	107	7.5	3.8
Cuban-American Sugar Co..............(c.)...	7	99	7.1	6.4
California Petroleum partic. pfd........(c.)...	7	96	7.2	1.3
Gimbel Brothers, Inc. ....(c.)...	7	102	6.9	3.3
U. S. Industrial Alcohol Co............(c.)...	7	102	6.9	6.4
Armour & Co., of Del..................(c.)...	7	90	7.7	(z) 2.9
Allis-Chalmers Mfg. Co...............(c.)...	7	99½	7.0	2.8
Associated Dry Goods Co. 1st..........(c.)...	6	89½	6.7	3.0
Genl. American Tank Car Co...........(c.)...	7	97½	7.2	5.4
Natl. Cloak & Suit Co..................(c.)...	7	95	7.4	...
PUBLIC UTILITIES:				
Radio Corp. of America A pfd..........(c)...	3.50	46	7.6	(w) 2.5
Amer. W. Wks. & Elec. Corp. 1st .....(c.)...	7	97	7.2	(x) 2.2
Metropolitan Edison ....(c.)...	7	93	7.5	...
Public Service of N. J..................(c.)...	8	109	7.3	(y) 3.4
RAILROADS:				
Baltimore & Ohio....................(n.c.)...	4	60	6.7	...
Bangor & Aroostook...................(c.)...	7	90½	7.7	2.5
Colorado & Southern 1st pfd.........(n.c.)...	4	60	6.7	6.2
Semi-Speculative Investments				
INDUSTRIALS:				
Famous Players-Lasky Corp...........(c.)...	8	95	8.4	(y) 5.7
Pure Oil Co. conv. pfd.................(c.)...	8	98½	8.2	3.5
American Beet Sugar Co.............(n.c.)...	6	74½	8.0	1.3
National Department Stores...........(c.)...	7	94	7.4	4.0
Fisher Body Corp. of Ohio............(c.)...	8	100	8.0	...
Austin, Nichols & Co......................	7	87	8.0	(w) 1.5
Worthington Pump & Mfg. "A".....(c.)...	7	78¾	8.8	2.0
Orpheum Circuit ....(c.)...	8	97	8.2	(w) 2.5
International Paper Co.... ....(c)...	6	71½	8.4	1.75
PUBLIC UTILITIES:				
Amer. Water Wks. & Elec. 2d pfd.....(c.)...	6	90	6.7	(w) 1.8
Speculative Investments				
RAILROADS:				
Chicago Rock Island & Pac........(5%)...	7	88	8.0	(x) 1.35
Chicago Rock Island & Pac......(c5%)...	6	76	8.0	(x) 1.35
Gulf, Mobile & Northern.............(c)...	5	67	7.5	(w) 1.25
Western Pacific ....(c)...	6	70	8.6	(w) 1.00

(c.) Cumulative. (n.c.) Non-cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
(z) Stock was issued this year.

* Based on average earnings during past six years.
† Average number times earned last five years.

Trade Tendencies

Irregular Improvement in Business

Buyers Still Cautious—Underlying Conditions Favorable — Price Situation Uneven

STEEL

Making Fair Gains

WHILE sufficient gains are being made to establish improvement, conditions in the steel industry are such that the smaller manufacturers are hard put to maintain operations on a stable basis. The larger units are increasing output conservatively, in keeping with consistent, through slow, expansion in orders, but thus far demand has not reached a volume large enough to provide the minor independents with their full share of business. The result is to force sharp competition which is distinguishable by unevenness in quotations on many items and weakness in others.

In general, buyers still have the upper hand in the steel market. Realizing this, they are reluctant to purchase in quantity, particularly for forward deliveries, hoping that material may be secured at even more favorable prices. How long this condition will prevail is problematical, although it may be considered significant that pig iron seems to have turned upward definitely. The rise in this product would seem to presage the beginning of a period of greater stability in steel.

In fact, it is conceivable that, once the market gives evidence of an advancing tendency, a scramble of fair size might develop since consumers' stocks are undoubtedly at a minimum in consequence of light buying during recent weeks. That the steel industry will return to a state of activity approaching the high rate of 1923 is not to be anticipated, however. On the contrary, a gradual upbuilding is more likely.

THE TREND IN MAJOR INDUSTRIES

STEEL—Demand and production continue to gain, although irregularly. Sharp competition between producers holding prices down. Pig iron in stronger position and prices are tending upward.

METALS—Copper prices recede as buying slackens. Consumers well stocked as result of recent buying movement. Liquidation of speculative accounts partly responsible for reactionary tenor of market.

OIL—Stocks of oil increasing despite heavy consumption. Gasoline weak and crude oil unsteady. Industry in unsatisfactory position.

LEATHER—Backward conditions in shoe trade forcing tanners to restrict purchases of hides through inability to pass price advances to footwear manufacturers. Rise in hides halted.

TIRES—Advance in crude rubber improves inventory position of tire manufacturers but profit margins on current sales very narrow. Production increasing.

CHEMICALS—Stocks generally light. Tendency toward expansion in activities of consuming industries should lead to improvement in demand. Prices fairly firm with moderate upward tendency.

SUGAR—Reduction in stocks of Cuban raws combined with increased foreign and domestic consumption of refined cause of recovery in prices. Some further gains probable.

MACHINERY—Farm implement sales increasing somewhat. Export business better than last year. Prospect for gradual recovery. Railway equipment demand slow. Electrical equipment manufacturers doing well.

SHIPPING—Outlook improving. Ocean freight traffic showing expansion, though moderate. Rates holding well at levels established early in the current year.

TOBACCO—Cigarette consumption still increasing and manufacturing profits satisfactory. Cigar makers not doing so well but position sound.

SUMMARY—Business gradually moving forward but situation marked by many irregularities. Tendency of consumers in some lines to look for further price recessions and general absence of forward buying a factor contributing to this unevenness. Underlying conditions favorable to maintenance of the upward trend, nevertheless.

COMMODITIES

(See Footnote for Grades and Unit of Measure)

	1924		
	High	Low	*Last
Steel (1)	$40.00	$37.00	$37.00
Pig Iron (2)	23.00	19.00	19.50
Copper (3)	0.14	0.12⅝	0.13½
Petroleum (4)	4.50	3.00	3.00
Coal (5)	1.88	1.88	1.88
Cotton (6)	0.35¼	0.25⅞	0.25⅞
Wheat (7)	1.33	1.01	1.28¾
Corn (8)	1.19½	0.74	1.19
Hogs (9)	0.09¼	0.06¾	0.09⅝
Steers (10)	0.10¼	0.09	0.10⅝
Coffee (11)	0.17	0.10¼	0.17
Rubber (12)	0.27¼	0.17⅝	0.27¼
Wool (13)	0.56	0.50	0.55
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.07½	0.04¼	0.05⅝
Sugar (16)	0.09	0.06⅛	0.07⅛
Paper (17)	0.04	0.03⅝	0.03⅝

* Sept. 2.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky,—per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

SUGAR

Prices Recover

The sugar market has staged an unexpected come-back. The bogey of overproduction which caused the early season collapse in raws, bringing Cuban sugar below average cost of production, has been forgotten in the excitement attending the recent turn-about. Duty paid Cuban raw has risen almost a full cent from the low level reached during the forepart of August, followed, of course, by refined with a slightly smaller gain.

This recovery from the late depression is evidently to be accounted for by the rapid absorption of Cuban stocks through increased demand from Europe. Though the European crop has been estimated as the largest in several years, it is apparent that the trade has underrated that continent's sugar-consuming capacity; unless, indeed, it over-estimated the season's yield which seems unlikely. Domestic refining interests and distributors are beginning to realize that the unsuspected growth in foreign consumption, coupled with increasing home demand, has reduced the available supply of raw sugar to an uncomfortably low level and

(*Please turn to page 799*)

Building Your Future Income

For Men and Women Who Look Ahead

School's Open! What Will They Learn?

IN the last issue, Building Your Future Income published an article written by one of its readers championing the inauguration of courses in Finance in the public schools.

An editorial note accompanying the article read: *"It is enough to say that the author's views exactly reflect our own."*

Deliberation since has led us to wonder whether this *was* enough to say. A lengthy period has elapsed since BYFI last fully expressed its views on the subject. Perhaps the thousands of new friends we have been fortunate enough to make in the meanwhile would like to know just *why* we take the stand we do.

Our view on the subject is precisely this:

We believe in academic study. We think we know how greatly a pupil's later life can be enriched by the development of his "higher mind." We are one with those who champion the classics, advanced mathematics, Latin, Greek and Philosophy not only for the *mental broadening* but also for the *inspiration* they contain.

But we do not believe that mental broadening and inspiration should be the be-all and the end-all of the school career.

We think—especially in respect to the higher grades—that the pupil should be given something besides a knowledge of how to use his mind and something beside a desire to use it. These are invaluable assets, but, in addition to them, we believe the student should be given concrete instruction in the more important of the everyday problems he will have to meet in later life.

Among these problems, there will be the primary problem of keeping his body healthy and strong. There will also be the problem of exercising effectively and intelligently, his privileges of citizenship. But, crowding in upon him even more closely, perhaps, than either of these, there will be the incessant, constantly-repeating problem of what to do with the money he earns and how, and how not, to invest it.

Because this problem—let's call it the MONEY PROBLEM—is so basic; because ability to solve it can produce so much happiness; because ignorance of it can and does cause so much misery and dejection; because NO MAN OR WOMAN LIVING, EXCEPT THE INMATES OF PUBLIC INSTITUTIONS, CAN AVOID CONTACT WITH IT, we believe it should be a part of every study-course.

We are not, most emphatically, advancing the absurdity that all our school-graduates should be past-masters in finance and advanced-thinkers in economics. We don't expect the schools to turn out Irving Fishers, Kemmerers, Seligmans and Kahns. Much of what the graduate will eventually learn about finance, we realize, can only be learned in the school of human experience.

We are simply advancing the claim that our school-graduates should have a knowledge of the FUNDAMENTALS of finance. We are advancing this claim for the reasons suggested above — because such a knowledge would make for better citizens, better husbands and wives, better fathers and mothers.

Getting Greater Returns for Small Investors

How Higher Yields May Be Secured and Something Learned About Finance in the Bargain

By E. Harve Partridge

> *Asks the Writer:*
>
> **"Why Keep Your Money—**
>
> **—"In highest-grade bonds paying 4¼%**
>
> **—"When it could be put in a highest-grade B. & L. Association and earn 5½%**
>
> **—"In financial institutions paying 5%**
>
> **—"When it could be put in safe securities yielding 6%**
>
> **"There is no need for any small investor who has any initiative at all to be content with yields of 4%, or fractions more. In every section of the country are opportunities to net the investor 6% or 7% with perfect safety."**

SAFETY of principal and certainty of interest payments are prime essentials considered by the investor in the purchase of securities. Second only to these in importance is the rate of return, the yield, for upon this factor depends the rapidity with which any given investment fund may be increased.

Nearly every investor of limited means, now getting but four or five per cent return on his investments, may increase his yield materially without reducing his safety factor to any appreciable extent. It requires some study and the exercise of some judgment but it is possible.

Some Who Might Profit

Many small investors still hold Liberty bonds bought during the war period. Others keep funds in banks where they receive but two, three, or four per cent interest. Liberty bondholders, with perfect safety, may well sell their bonds at a price above par and put the funds into strong Building and Loan associations, if no better investment is immediately afforded, where six per cent or thereabouts, is obtainable.

At four and one-quarter per cent interest, it takes about 17 years for money to double while at six per cent it will double in 12 years if compounded. It means the difference between $42.50 and $60 annually on each $1,000 invested. The tax-exempt feature of Liberties is of no consequence to the small investor.

There are disadvantages of the same kind in a bank account yielding a low return.

In cities where successful and better known financial institutions pay no more than five per cent, the investor may well investigate possibilities of higher yields in other lines. Our city happens to be one of these.

At this time local improvement district bonds, backed by property of substantial value and in addition by a city guarantee fund, are being sold to yield six to six and one-half per cent by contractors who have done the work and want their money.

By selecting bonds of the best districts only, and investigating personally to see what kind of property is involved, the improvements made and the situation generally in the district, and making his own appraisal, one can approach absolute safety, even though the guarantee fund, kept up to standard strength through general taxation if necessary, did not exist.

The difference between the income from these bonds and five per cent is from $10 to $15 annually per $1,000 invested, and is worth while having. On these bonds, most banks and the B. & L. associations will loan 90 per cent of par—proof itself of their soundness.

In almost every section of the country are old, well established firms which occasionally issue short-term bonds in refunding operations. These pay six per cent or slightly more in many instances and the companies are close enough to the buyer so he can investigate the safety factor without undue effort.

Reliable bond houses all over the country sell good, though sometimes unlisted bonds, at prices to yield six per cent or more where the buyer has big values behind small bond issues.

Reputable mortgage firms in most cities have for sale escrows or contracts backed by first mortgages on improved property. Yields of seven to eight per cent are possible in these many times. It is possible for the buyer to make his own appraisal of property involved, to have his own lawyer pass on the legality of the papers, and to determine the strength or weakness of the contemplated purchase. Or with more experience and study, he may buy contracts direct from those who have them to sell.

There is no need for any small investor who has any initiative at all to be content with the yields of four per cent or fractions more. In every section of this country are opportunities to net the investor six or seven per cent with perfect safety. It may require some hunting. It may require study, but they are to be found.

In good investments, incidentally, there is always a chance for appreciation in value, something not to be entirely overlooked even though one buys only for a better interest return.

The Cost of Building a Home

How to Keep the Burden Assumed Within Bounds

WHEN a man begins to think seriously about erecting a home of his own, three basic questions confront him.

First there is the question: Where shall I locate the home? Secondly, what kind of home shall I put up? Finally, there is the question, how much money will I, on my income, be justified in committing to the enterprise?

The first two questions, every man must decide more or less finally for himself. There are certainly fairly well-defined rules governing them, however, some of the more typical of which may be recounted here.

Where to Locate

In the matter of where to locate, the intending builder should consider not only his own interests and preferences, but also the probable tastes of the majority of other people. For example, some men and women might be perfectly satisfied with a small farm location, tucked away perhaps in the woods and hills. To these individuals, privacy or seclusion may be primary attractions. Obviously, however, such attractions do not appeal to the majority of people, to whom accessibility and surrounding community life are outstanding factors. It stands to reason, then, that the man who ignores majority opinion, and contents himself with suiting his own tastes, will find it comparatively difficult to dispose of his residence should necessity arise.

In the matter of what kind of home to build, this is a question which can only be answered satisfactorily after the intending builder has made a thorough study of the various types of construction now available. So far as the general outlines of a house are concerned, the builder's decision may be more or less arbitrary. But when it comes to selecting roofing material, heating plant, plumbing and lighting fixtures, etc., the builder is foolish to merely content himself with what he has been accustomed to, since something very much better—more durable and more efficient—may have been devised and made available.

If You Are Thinking of Building—

With this much capital	And this much income	You can afford to build this-priced home
$1,400	$2,500	$3,750
2,500	3,500	6,250
4,000	5,000	10,000
6,500	7,500	16,250

How Much Money Would It Take?

The question of how much money the home builder is justified in putting into a residential project is, of course, the phase in which the Home Building Page is primarily interested. On this question, we believe, home builders generally will be interested in statistical tables compiled by this department which, so far as we know, represent the only similar compilation published.

There is nothing mysterious or complex about these tables. On the contrary, they are simplicity itself. Here is how they were compiled:

It was assumed that a conservative buyer would wish to make a cash payment on any home of his erecting which would represent about 40% of its total cost. On this basis, it was figured that the builder of a $10,000 home would need to have at least $4,000 cash, while builders of homes costing more—or less—would wish to deposit more—or less—cash, in proportion.

With the amount of the necessary cash deposit ascertained in the above fashion, our tables then take up the question of how much income a man should have in order to erect a home of a given cost. Sticking to our $10,000 example, the question becomes: How much income would be needed to "carry" the project after the cash deposit has been made? That is, would a man earning $4,000 a year be able to "carry" it without difficulty? Would it be too much for him—or could he swing a heavier burden?

In ascertaining the answer to this question, two steps are taken. First, the approximate amount of total carrying charges to be incurred on a $10,000 project must be determined. Secondly, the figure arrived at must be compared with the intending home builder's income.

Determining Carrying Charges

To determine approximate carrying charges, the Home Building Page uses the old "Ten Per Cent Rule"—that is, the "rule" which states that the typical home will involve carrying charges equivalent to about 10% of its cost. Thus, a $15,000 home would cost about $1,500 a year, and our $10,000 home about $1,000 a year. But the intending builder should not stop there.

The term "Carrying Charges," as accepted, includes (1) Interest on Total Sum Involved at 6%; (2) All Taxes; (3) Fire Insurance; (4) Water Charges, and (5) Depreciation. It does not include

Courtesy, Atlas Portland Cement Co.

AN INTERESTING COMPARISON

Showing, on the left, an old-fashioned home at Eau Claire, Wis., and on the right the same home, as remodeled by the Hoeppner-Bartlett Co.

(a) Cost of Fuel and (b) Cost of Transportation, although both of these charges almost inevitably accompany home owning.

To be safe, then, and to know just what he is "letting himself in for," the home builder should make allowance for these two additional sources of expense, beside the carrying charges specified above. How much to allow for them must depend on the cost of coal and the cost of commutation; but a fair average, to cover most cases, will be $125 a year apiece, or a total of $250. On this basis, then, total carrying charges may be figured at 10% plus $250, or, on the $10,000 home, at $1,250.

It is but a step from here to compare the Carrying Charges with the intending builder's income and thus ascertain whether the project is within his means or not. For ourselves, we have encountered nothing during the years to invalidate the old 25% rule—that is, the rule which provides that a man should not have to pay more than a quarter of his income for "rent," or shelter. On this basis, we find that our $10,000 home costing $1,250 a year to "carry" could not well be undertaken by a man whose income was less than $5,000 a year.

For the benefit of readers, the principles outlined above are applied to home-building projects of various dimensions, with the results shown in the accompanying tables. It may be noted that these tables apply equally well to the problem of the home *buyer* as well as the home *builder* both of whose interests, in this respect, are identical.

Points for Income Builders

Definitions of Some of the More Frequently-Heard Wall Street Terms

WALL STREET has its slang as well as its technical expressions. And, once you understand it, the slang is characteristically descriptive, pungent and to the point. For example:

"Sweetening a Loan"

This slang expression refers to the process of adding high-grade securities to such others not so high which may have been pledged as collateral for a loan, the effect being, of course, to improve the quality of the collateral or, as Wall Street says, "sweeten" it.

"Cutting a Melon"

Any big distribution of profits by a corporation, whether in money or stock, is aptly described in the financial district as as "melon cutting." In later years, the expression has been narrowed down to apply particularly to distributions made in the form of stock.

"Frozen Loans"

This colloquialism came into play immediately after the collapse in our post-war boom. At that time, the reader will remember, credits were outstanding in large volume against merchandise and other tangible security whose value as collateral, of course, depended largely upon its marketability. When the price drop started in, it became increasingly difficult to move this collateral at a figure comparable with the loans made against it; and, rather than dump it on the market and thus preclude ever realizing a satisfactory price on it, the creditors in many cases chose to extend the time in the hope that the situation, sooner or later, would clear up. Thus, for a lengthy period, the goods which under normal conditions would have been moved promptly, thus releasing large credits for other purposes, became "solidified" or "congealed," so to speak; and to describe the loans involved, Wall Street adopted the term "frozen."

The aptness of this expression is emphasized when we consider the pleasanter stages of a "frozen loan"—that is, the time when it, like frozen water, gradually begins to liquefy and finally becomes entirely liquid.

"A Good Delivery"

If a share of stock is to be accepted by the buyer it must be properly endorsed and transferred and also, of course, must be in good physical condition.

Unless these requirements are fulfilled, the purchasing broker may refuse to accept the certificate on the appropriate grounds, in which case it becomes impossible for the selling broker to effect its delivery. Wall Street calls the properly prepared certificate, then, a "good delivery."

"Pyramiding"

The term "pyramiding" is applied to the process whereby some market fortunes have been made and perhaps four or five hundred times as many other fortunes have been lost.

"Pyramiding" is the process of utilizing "paper profits" in enlarging a market operation. Thus, take the speculator who, having gotten aboard of some very volatile stock, sees the stock advance 10 points from the price at which his original commitment was made and who, on the basis of the profit he *might* now take (but does not) purchases more of the same stock without depositing additional margin money in actual cash: This gentleman will be "pyramiding"; and every time he repeats the operation, he adds to the height of his "pyramid."

The danger involved, of course, lies in the fact that the pyramid builder constantly keeps his commitment in jeopardy—constantly raises its cost to him, keeping its success always closely tied up with the immediate course of the market.

Sometimes, of course, the stock selected for such an operatoin pursues a practically uninterrupted advance, in which case the pyramid builder is finally able to cash in on a much larger holding than his original margin could have possibly sustained. More often, though, the stock moves the wrong way just when the pyramid has become most top-heavy—in which case, all the "paper profits" are consumed at one stroke and along with them the margin money originally deposited. Of course, the pyramiding operation can also be conducted on the short side of the market.

To Young Men and Women—

The Building Your Future Income Department of THE MAGAZINE OF WALL STREET is offered here for its usefulness to you.

We want you to feel free to consult the Department, at any time, any number of times, and in all matters relating to your financial affairs.

If you will follow the Department regularly, we think you will receive real benefit from it. You will find in it many features of sustaining interest.

"BYFI," to many people, has acquired a real personality—the personality of a good, reliable, old-fashioned friend. We would like our new readers to look on it in that light. The Department doesn't try to be dignified, austere or impressive. It tries to be—friendly. Service being the truest evidence of friendship, the Department would like you to let it demonstrate its friendliness to you. *Use it as often as you please!*

Must the School Teacher Retire Poor?

Is There No Way for Her to Provide Against Dependence in Old Age?

By Florence Provost Clarendon

The plight of the retired school-teacher, forced to eke out an existence in her later years after a lifetime of public service, is alleviated only in part by the pensions some states allow.

Something beside a pension is needed—and Mrs. Clarendon tells how that additional something may be assured in this practical article, which is made particularly timely by the approach of a new school term.

IN the first week of September, a large class of self-supporting women simultaneously renew their work: the school teachers return. Many of them are "free lances," that is their salary is needed only for their own support. Others are responsible for the partial or entire maintenance of parents or other dependents. All of them would be infinitely better off if they carried life insurance, because independent women should build up an income for their support in later years, while a large number are the breadwinners of the home and thus need family protection.

It is true that in some states teachers are protected to a certain extent by a pension system operative on retirement from active duty through age limit or impaired health. But a woman who has earned a comfortable income for twenty years or more finds it a matter not only of inconvenience, but of acute discomfort, to readjust living expenses in her later years to meet an income approximately split in half on retirement from school work.

Granted then that the school teacher may frequently anticipate the receipt of a pension upon retirement, it is equally true that she is apt to view with distinct apprehension the approaching decrease of her income when earning powers have ceased and the pension becomes operative.

Ask the school teacher who has arrived at the age when she's attained her 30s and is reluctantly advancing toward her 40s, what she plans and dreams for the future, and nine times out of ten you'll get a reply something like this:

"Well, after I've worked and saved a while longer, I'd like to buy a little home somewhere in the country where I could have a garden of my own, *and just live!*"

Good idea! Praiseworthy aim! But she won't be able to buy that little home out of her pension, nor out of her savings, unless her daily expenses are small and her propensity for saving is unusually well developed. Moreover, if she finds it difficult to save now when actively engaged in her profession and in receipt of full salary, she will find it still harder when, upon retirement, her income is cut in half or entirely ceases. *Systematic* saving in regularly stated amount will, however, help her towards old age independence, and life insurance will encourage and assist her to achieve her aim. In event that the teacher is earning her salary in a state where a pension system is *not* operative, her need for systematic saving is still more urgent.

An Effective Insurance Policy

Many school teachers are ignorant of the benefits and privileges of the modern life insurance policy. The 20-Year Endowment Policy has received—quite deservedly—much publicity and has been so widely advocated as the proper life insurance coverage for the self-supporting woman under all conditions, that few realize the flexibility of the Endowment form. The school teacher who is about fifty years of age is not apt to become enthusiastic over a thrift plan which will not yield its proceeds to her until she is seventy. A 10-*Year Endowment* in such circumstances is much more appealing, as it matures—when taken at fifty—about the time when many school teachers retire from their profession.

The Endowment Policy is now obtain-

(*Please turn to page* 802)

THE SOLUTION OF THE OLD-AGE PROBLEM

Find the intersection between your age column and the line devoted to the endowment term desired. The figure at this intersection will be the annual premium per $1,000 insurance taken on the endowment form.

FORM	NON-PARTICIPATING RATES AGE 25	30	40	50	*PARTICIPATING RATES AGE 25	30	40	50
10 Yr. End't.	89.46	89.64	90.90	94.66	101.85	102.37	104.18	108.87
15 Yr. End't	56.56	56.81	58.43	63.16	65.79	66.37	68.55	74.43
20 Yr. End't	40.26	40.61	42.82	49.17	48.15	48.83	51.48	58.31
25 Yr. End't	30.44	30.97	33.93	41.88	37.90	38.71	42.02	51.05
30 Yr. End't	24.57	25.21	28.92		31.39	32.38	36.50	
35 Yr. End't	20.86	21.71	26.07		27.06	28.29	33.38	

*Premiums reduced by annual dividends.

Where the Money Goes

Another Little Story from Real Life

By V. L. G.

PROBABLY most people know, roughly, what they spend each year, but how many know just what they spend it on?

Here is an illuminating little story which tells how one couple uses its income.

I READ with a good deal of amusement, K. C. R.'s experience, printed under the title *"Who Won?"* in the August 2nd issue of Building Your Future Income.

I have a story to tell along somewhat similar lines:

Like K. C. R., my own little family—consisting of my wife, a little boy and myself—suffered financial reverses a few years ago. But in our case the reverses were too severe for us to be able to compensate for them merely by retrenching. We had to go further than that and devise ways and means of bolstering up our slender income. The fact is, we had gotten into debt and had to establish some sort of an outside income to enable us to pay it off.

I say "We *had*" to pursue this course; by that I mean it was plainly evident to *me* that there was no other way out. However, what was plain to me was not, unfortunately, plain to my wife.

My wife—for all the added labor and self-sacrifice she had had to endure—could not get over the impression that we could live on our slender income and continue to make regular payments on our debts without resorting to special measures. She insisted that scrupulous economy on both our parts would somehow meet the emergency.

Her unwillingness to believe that Spartan measures were necessary became all the more pronounced when I told her that, as far as I could see, the only solution to our problem was for us to take in boarders. No woman likes to take strangers into her home. With some women, the idea is particularly distasteful—hateful, even. My wife was in the latter class.

There wasn't anything particularly debasing to me about taking in boarders. I knew that high living costs had long since altered peoples' views on that sort of thing—that millions of people the country over had resorted to it and found nothing shameful in it. To me it was a case of sharing my home with "paying guests" or giving up my home—and I had no scruples about taking the latter course.

At the same time, I realized how much more deeply such a thing affects a woman than a man. And I was anxious that my wife should see the necessity of this action before forcing it upon her.

"I'll tell you what you do," I said, one evening. "You know what our income is. Suppose you add up what you think our outgo has to be and compare the two. If you can prove to me that the one balances the other, I'm willing to dismiss the boarding-house idea entirely."

My wife thought for a moment. Then she started in:

"Well," she said, "there's rent—so much; then coal and gas bills, so much; then food and wages and—and ice. That's a total of thus-and-so. In addition to that, we ought to allow about this much for clothing. Then there's the amount we pay each month on account of our debts, make a total of so much. There!" triumphantly, "I knew we could do it. I've allowed for everything, and show that our income is more than enough."

This was my chance and I took advantage of it. My wife had listed only eight items—and thought she had covered the ground! I opened a card table out in front of the couch, extracted pencil and paper from the desk, asked my wife to sit beside me while I did some figuring. "Please," I said, "please *watch!*"

With that I started putting down all the sources of expense to which we were subject. To demonstrate the accuracy of every item, I checked it off against my checkbook stubs, which were in my pocket.

This is the list of items, as it finally stood:

1) Rent,
2) Insurance:
   Fire,
   Burglary,
3) Taxes:
   Federal,
   State,
   Local,
4) Coal,
5) Commutation,
6) Gas,
7) Ice,
8) Telephone,
9) Electricity,
10) Repairs,
11) Wages,
12) Clothing:
    Wife,
    Self,
    Baby,
13) Auto Upkeep (Oil, etc.)
14) Tires,
15) Gasoline,
16) License,
17) Insurance:
    Burglary,
    Collision,
18) Garage Rent,
19) Life Insurance,
20) Food:
    Meat,
    Fish,
    Vegetables,
21) Entertainment:
    Refreshments,
    Prizes, etc.
    Theatres, etc.
22) Recreation:
    Vacation,
    Games,
    Club Dues,
23) Medical:
    Dentist,
    Physician,
24) Tailor Bills,
25) Incidentals,
26) Savings.

Of course, the result reached after adding up the amounts assigned to my list was very different from that obtained by my wife. Note, for example, the sum which we found we had actually paid out, in the previous month, under a head that my wife had entirely overlooked—Incidentals:

Electrical Inspection	$2.25
Necessary Installations	7.53
Toys	3.66
Blue Stone for Walks	7.12
Window Screens Replaced	23.00
Total	$43.56

I probably need not add that, after one look at my list, my wife gave in. Be it said in her favor, too, that she gave in gracefully.

I wonder how many other wives have yet to learn what it really costs to live?

B. Y. F. I's. Recommendations Page

Should the Small Investor "Sell Out" on the Eve of a Declining Market?

WITH the trend of the market uncertain, many small investors are probably wondering whether they should not dispose of the investment securities they have acquired, with the idea of replacing them more cheaply, later on.

This is, perhaps, about as hard a question as anyone seeking to make sound suggestions could be called upon to answer. Manifestly, it would be to the advantage of a small investor to replace a given holding more cheaply—if the opportunity offers—and to tell him, flatly, not to attempt it is equivalent to advising him against being enterprising and up-and-doing. On the other hand, if you do advise the small investor to travel along with the big ones and try to keep his securities moving along with the trend of the market, and if he acts on your advice, the result is almost certain to be the conversion of your small *investor* into a speculator. No matter how you frame your advice, the average small investor is almost bound to conclude that the thing for him to do is to keep constantly jumping in and out of stocks, attempting to make a profit from each "jump"—and, of course, that's what a speculator is.

Probably the best course for the man who desires to give sound advice to pursue would be this: To urge small investors to consider their holdings in terms of *income* rather than in terms of principal value, and to advise them to switch from one security to some other only when the income-bearing qualities of the first show signs of weakening.

It is obvious that many objections could be cited against even this advice. Some people will rise up to say that, in a great number of cases, a falling market precedes a decline in the income-paying capacity of most securities and that, to guard against one is, in a sense, to guard against the other. Other objectors will hold that the man who invests in negotiable securities is taking some risks, anyway, and that, no matter how small an investor he may be, it is only right and proper that he should guard against declines in principal as well as declines in his income.

Building Your Future Income recognizes the merit in these arguments and does not attempt to confute them. At the same time, we hold this belief: That the man who has bought for *income*, primarily, will have confined his purchases to the high-ranking securities of only first-grade companies; that the income-bearing qualities of such securities have endured, and will continue to endure, many a reaction in stock prices and many a business recession without being harmed; and, finally, that the market value of such securities, over the period of years during which the long-pull investor is supposed to hold them, much as it may be affected by intermediate market reactions, will be equally affected by successive market recoveries—in other words that while a price reaction may lead to a "paper loss," it does not necessarily lead to an actual loss, if the small investor is a *long-pull* investor, as he should properly be.

Of course, for the small investor (or the large investor, either, for that matter) who has not yet become a security holder, somewhat different advice may be given. You don't have to tell him to sell—or not to sell—what he has, and thus run the chance of encouraging him to became a speculator. You simply tell him to postpone his first purchase until a more promising period. If he follows your advice, then, he simply goes on contenting himself with the investment agencies he may have used in the past—savings banks, building and loan associations and the like—and is in no wise led into the dangers and fastnesses of the speculative field.

"But," some say, "we are small investors only in that the funds we divert to the purchase and sale of securities are small. As a matter of fact, we can afford to take risks, because we have substantial resources over and above the sum represented by our security holdings."

The answer here, obviously, is that individuals so situated and who wish to assume the risks involved in speculation are not members of the class referred to here as "Small Investors." By this term, Building Your Future Income means the men and women whose security holdings represent a large portion of their personal wealth—people who cannot afford to enter the field of speculation but who have to confine themselves to careful investment—people who are building for the future, and whose purchases now must constitute the groundwork of their holdings later on.

On the basis described above, then—and as an answer to several readers of the Recommendations Page who have asked the question—BYFI does not advise that the Small Investors who have purchased the securities recommended here should dispose of them now, merely because the trend of the market is believed to have turned. In every case, these securities represent a very high degree of safety; in no case has the "Yield" contracted to a point making it unattractive to the long-pull buyer; the Small Investor is after *income*, primarily, and not principal profits, and it would take quite an upheaval to drive any one of these issues out of the income-paying class.

Building Your Future Income would be glad to have its readers' opinion as to the wisdom of, and justification for, the advice given above.

BYFI'S RECOMMENDATIONS for SMALL INVESTORS

$100 Bonds

	Recent Price	Yield to Mat'ity
American Water Works & Elec. Corp. coll. tr. 5s....	91⅝	6.15%

Preferred Stocks

	Per Share Dividend Rate	Recent Price	Yield
American Smelting & Refining Co.	$7	104½	6.70%
American Ice	6	81	7.40
U. S. Realty & Im.....	7	104	6.73
Mack Trucks 1st......	7	103	6.79

Common Stocks

	Per Share Dividend Rate	Recent Price	Yield
Amer. Teleph'e & Tele.	$9	127⅞	7.05%

NOTE.—This table of recommendations, a new and practical feature of BYFI, will grow in size as opportunities develop. The effort will be made to keep the table up to date, and Income Builders are invited to keep in touch with it. Security is the primary aim in making the selections, but income-yield, marketability and other ordinary investment factors are also considered.

Public Utilities

The North American Company

What's Behind the Recent North American Financing?

The Purposes of the Recent Offer of Additional Preferred Stock—How it Affects Common Stockholders

By MARTIN J. WOOLNER

THE President of the North American Company is quoted as giving the following reasons for the recent offer of ten million dollars of additional 6 per cent cumulative preferred to stockholders.

1) *To provide additional capital by permanent financing at a cost which would enable the company to earn upon the capital so procured, a considerably greater return than the cost of the financing.*

2) *To afford stockholders a means of purchasing on deferred payments, a high-grade security producing a good yield.*

3) *To give stockholders the full credit of low money rates by procuring for them a 4 per cent interest rate per annum and crediting them with all dividends paid at 6 per cent since July 1, 1924, to and including the date of their final payments.*

The last two of these three reasons are probably sufficiently clear to the reader, but the first perhaps calls for further explanation. What the company evidently intended was to take advantage of an easy money market when additional funds could be procured through a preferred stock offering on a 6 per cent basis. The preferred was sold at its par value of $50 per share. By securing capital on a 6 per cent basis, it should be possible to increase the amount of earnings available for the common stock, over and above the natural increase resulting from growth of the business.

Since the company has demonstrated its ability to earn above 8 per cent on money actually invested in the property, the earnings representing the approximate difference between 8 and 6% will be shown on the common, as soon as cash realized from the sale of the preferred can be utilized and becomes productive.

From the point of view of the management, there were probably additional reasons why the amount of preferred outstanding should have been increased. The new money needed for expansion of facilities would otherwise have to be procured by means of a bond issue of some sort. The company has no *direct* funded debt, and has no reason to create one when capital can be had on such favorable terms on a senior stock issue.

Then again, an examination of North American's balance sheet shows the wisdom of increasing the amount of preferred outstanding. As of June 30, last, the company's total assets were given a net value of 270 million dollars with funded debt of subsidiaries placed at 161.2 millions, and preferred stock of subsidiaries outstanding in the amount of 36.9 millions. The amount of the parent company's preferred and common stock outstanding as shown by the accompanying table would appear unusually small, when compared with the above figures.

An increase in the amount of preferred stock outstanding gives the company a more practical capital structure. The amount of common outstanding is being steadily increased by the policy recently established of optional dividends on the issue in the form of stock, or cash. The current dividend rate is 20 per cent in stock annually, the shares being of $10 par value. It is probably the intention of the management to keep the amount of both stock issues outstanding approximately equal, and for this reason it is logical to believe that additional shares of preferred will be sold as dividend payments further increase the outstanding common. Both issues are authorized in the amount of 60 million dollars.

At the time of subscription, on or before August 15, last, subscribers were required to pay an initial $20 per share of stock subscribed for, the remaining $30 of the purchase price being payable in three instalments of $10 each on January 2, April 1, and July 1, 1925. The last instalment payable would in each case be reduced by the excess of 6 per cent dividends paid since July 1, 1924, to and including the date of final payment on the full amount of preferred subscribed for, over interest at 4% on the deferred payments for the respective periods.

There are few public utility preferreds entitled to a higher rating than North American preferred, but on the other hand there are many selling to yield a larger return. The holder should realize that the possibilities of market appreciation are practically nil. It would require the most unusual money market conditions to warrant the issue selling any distance above par to yield less than 6 per cent. Therefore it is attractive only from the standpoint of safety of principal and assured income.

The possibilities of the common are, as previously stated, slightly enhanced by the change in capital structure.

The Change in North American's Capital Structure

Before New Financing		After New Financing
None	Funded Debt	None
$19,085,000	Preferred Stock	$29,085,000
$27,829,000	Common Stock	$27,829,000
$1,145,100	Pref. Div. Requirements	$1,175,000

Amount available for preferred dividends for twelve months ending June 30th, last, $8,833,000

Virginia Railway & Power Company

A Market Laggard's Sudden Activity

Has Only a Fair Earnings Record — What Do Recent High Prices Indicate?

By A. T. MILLER

IT would be pretty hard without resorting to facts, to convince even the old-timers that the common stock of this company has been listed on the New York Stock Exchange for the past fourteen years. But it is true. The issue was listed on April 12, 1911, enjoying a fairly active market for several years between the prices of 40 and 60, only to pass into relative obscurity from 1916 to 1924. Practically no sales were recorded during this entire six-year period. There were several sales on the Baltimore Stock Exchange where the issue is also listed but even these were few and far between. The explanation is that the issue has long been closely held. In November of last year there were but 590 common stockholders on the books of the company.

Suddenly Becomes Active

Thus, with a market record like this, it is of interest to note that the stock has suddenly become active during the past few months and is now quoted around 68, which is more than double the low of the year. It is hard to believe that the known earning power of the company justifies such a price. During the war years when practically all public utility companies were making money, Virginia Railway & Power showed net income substantially above one million dollars annually with operating revenues of but 6 and 7 millions. Operating ratio, or the percentage of operating expenses to gross, was low as can be seen from the accompanying table.

In the past few years, however, earnings have not shown a substantial increase, although gross revenues have almost doubled. For instance, in 1917, gross amounted to 6 millions, net income came to 1.3 millions and net for the common was equivalent to $7.60 a share. Yet in the past year, with gross of 10.5 millions, net came to but 1.4 millions, with only $7.36 a share for the common. This is significant when it is realized that most public utility properties have managed to keep their operating ratio down, and have shown proportionate increases in their net incomes.

Railway Operations

Virginia Railway & Power's small growth in net earnings during recent years can be attributed to the fact that a large part of its properties consists of traction system. The company owns or controls through leases the entire street railway, electric light and power business in Richmond, Petersburg, Norfolk, Portsmouth, Suffolk, and Berkeley, Va.; and interurban line connecting Richmond and Petersburg; a line from Norfolk to Sewell's Point; also water rights on the Appomattox river.

Its railway trackage is approximately 250 miles in extent, from which it receives about 45% of gross revenues, and less than 25% of total net revenues. In other words, the operating ratio in the railway division is very high, or it has been very high during the past few years. The power and gas properties have an operating ratio of but approximately 55% at the present time which is much higher than in 1916, but nevertheless favorable.

Various explanations may be given in connection with the recent activity and higher prices for the stock, none of which seem to be substantiated by known conditions. It has been rumored that American Electric Power was seeking control, but it is hardly likely, if it were, that an effort would be made to buy the stock in the open market. The most logical explanation would appear to be that the small floating supply has created an artificial market due to the sudden burst of speculative buying among all utility issues. Any kind of public demand at all could account for present high levels under such circumstances.

It may be that buying has taken place in the belief that the outlook for traction systems has improved to such an extent during the past few months that Virginia Railway & Power will show a spurt in earnings for this year. In the first six months, however, the company earned but $593,000 balance after charges compared with $686,000 during the same period of last year, which certainly does not indicate increasing earning power. Unless substantial improvement takes place from now to the end of the year, net earnings will not exceed $7 a share.

Taking into consideration all the various prospects for the company it is hard to believe that the common stock, of which there is ten millions outstanding, is entitled to a market price of 68 based on value. With no dividends being paid and no immediate return to be had, the investor who holds the issue is speculating on an uncertainty. It may be that the stock will sell much higher. This, of course, is possible with a closely held security, but at the same time, one must keep to the fundamentals in buying securities, even though they be public utilities. The earnings of this company in net per share are not much larger than those of North American, yet Virginia Railway & Power common is selling more than twice as high as North American common. One of the highest grade public utility common stocks, that of Consolidated Gas, is selling around 72 to yield more than 6 per cent on the investment. Earnings per share are also much higher than those of the company under discussion. The conservative security buyer will be guided by the figures. **Obviously, Va. Rwy. & Power shares are not attractive at current prices.**

Virginia Railway and Power's Record

Year	Operating Revenues	Operating Ratio	Net Income	Earned Per Share on Common	Paid on Common	Price Range
1916	$5,645,000	47.40%	$1,222,000	$6.30	$3.00	48—45
1917	6,044,000	48.65%	1,384,000	7.60	3.00	No Transactions on New York Stock Exchange
1918	7,457,000	54.90%	1,548,000	8.95	1.50	
1919	8,429,000	63.95%	1,085,000	5.10	2.50	
1920	9,908,000	61.75%	1,666,000	9.95	—	
1921	10,173,000	69.50%	1,082,000	4.80	—	
1922	9,513,000	69.60%	935,000	3.35	—	
1923	10,508,000	67.40%	1,418,000	7.36	—	35—30

1924 price range of stock, 72—35.

Petroleum

Eleven Well Financed Oil Companies

Prospects for the Industry—The Strongest Concerns

By J. WILSON THORNE

THE oil business is in an exceedingly interesting position. Notwithstanding record consumption, the industry is by no means on a stable footing and the outlook is none too clear. Unlike most other lines of business, which are certain of good profits in times of big demand, the oil industry is vitally affected by an all-important factor which has nothing to do with consumption. That factor is production. As has been pointed out in these columns, the current oil year started with the most optimistic prospects. But an entirely unexpected gain in production, chiefly from domestic sources, upset all calculations. It became apparent, shortly after the first quarter, that 1924 would not be an "oil year." It may be a fair year but certainly not a boom period.

Production, which in January had dropped, from the record high of 2,320,514 bbls. in 1923, to a low of 1,870,000 bbls., daily average figures, climbed back to a daily average of more than 2,000,000 bbls. in July and since that time has edged gradually higher. Last available daily average figures, for the week ended August 23, were 2,037,700 bbls., according to the American Petroleum Institute.

Net result of operations in July, as reported by the U. S. Geological Survey, was an increase of 5,022,000 bbls. in pipeline and tank-farm storage. The months of July, August and September are usually the three months of greatest demand for petroleum products during the year. Doubtless, that period will show a considerable decrease in refined stocks but it must be remembered that the industry entered the time of heaviest consumption with large stocks of crude and refined petroleum. The question naturally arises as to what will happen when we enter the Fall season and the time when demand usually slacks off. Unless there is no slacking off or unless there is a sharp decline in production, a period of price cuts must come, sooner or later, to put the industry back on a solid foundation.

It is not the purpose of this discussion to attempt the difficult and thankless task of making a long-range prediction as to the course of the oil industry. The industry has confounded its prophets often enough to indicate that long-range and successful prophecies are as much a matter of clever guessing as brains.

It is well within our province, however, to point out the oil companies which are in the best position to withstand a period of price-cutting such as took place in 1923. The accompanying table summarizes the important financial facts of eleven such companies.

The importance of adequate working capital for an oil company cannot be exaggerated. Companies which maintain adequate working capital and cash, are not only able to store their own oil when it is unprofitable to market it, but are in a position to take advantage of opportunities to purchase outside oil on most attractive terms. In the fourth column of the table, the working capital of these companies, as last reported, is given and in the sixth column the number of dollars of quick assets for each dollar of quick liabilities. In the cash column, Ohio Oil, for example, shows cash of less than half a million which is apparently a very small total for this $60,000,000 concern. But the ratio of quick assets to quick liabilities of 14.51, as shown in the next column, reveals that the company's financial position is by no means weak. The balance sheet reveals that the company has approximately $33,000,000 in investments which are listed under quick assets and therefore must be readily negotiable. **Generally speaking, the smaller the ratio of inventory to current assets and the greater the ratio of quick assets to quick liabilities, the stronger the company's position.** In the tabulation it must be remembered that the inventory figures in most cases are those at the beginning of the current year and that many of these companies have doubtless reduced their inventories materially since that time.

(Please turn to page 811)

Vital Statistics on Eleven Well-Buttressed Oil Companies

Company	Funded Debt (Final 000 omitted)	Outstanding capitalization (par value) Preferred (Final 000 omitted)	Outstanding capitalization (par value) Common (Final 000 omitted)	Working Capital (Final 000 omitted)	Cash (Final 000 omitted)	Dollars of quick assets to dollar of quick liabilities	Per cent of oil inventory to quick assets	Earned per share on common 1921	Earned per share on common 1922	Earned per share on common 1923	P. & L. Surplus
Associated Oil........	$24,000	......	*$56,000	$24,040	$4,750	$3.37	48%	$20.52	$10.54	a3.39	$22,347,000
Cal. Petroleum	8,331	$12,559	17,377	6,968	4,302	2.87	22	b9.64	b13.01	b20.54	c13,059,771
Gulf Oil	35,000	......	*108,720	53,726	7,725	4.72	59	25.09	4.54	3.29	65,135,000
Ohio Oil	.....	......	*60,000	58,487	445	14.51	41	Does not make income statem't			c31,965,042
Pacific Oil	.....	......	*52,500	2,930	6,618	1.33	2	4.64	3.37	2.55	8,444,000
Phillips Petroleum	†5,120	......	†*1,851 shs.	†19,432	§4,169	†23.38	§58	....	6.57	3.92	not reported separately
Standard of Cal.......	25,000	......	*232,704	78,970	12,508	5.38	64	8.39	3.29	2.62	63,723,000
Standard of Ind.......	79,500	......	*221,707	56,318	14,231	2.65	53	4.96	5.61	4.68	c87,404,000
Standard of N. J......	.....	199,972	502,099	386,140	11,087	2.80	40	5.07	8.16	2.11	228,000,000
Texas Co.	2,400	......	*164,450	87,671	14,371	3.33	67	1.54	4.04	1.24	88,477,000
Tidewater Oil	¶12,000	......	*50,004	19,068	1,675	3.54	67	....	9.91	5.82	19,172,000

Figures later than Dec. 31 last are used where available and are indicated:

* One class of stock.

† As of June 30, 1924.

§ As of Dec. 31, 1923.

¶ Figures for this company are as of June 30, 1924.

a Based on the average number of shares, $25 par value.

b After preferred stock sinking fund.

c Capital and unappropriated surplus.

SERVICE SECTION

ANSWERS TO INQUIRIES

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GRANBY CONSOLIDATED

Now Showing Profits

What is the outlook for Granby Consolidated Mining, Smelting and Power Company Ltd. shares? How does the first half of this year compare with the first half of last year? Would you recommend that I buy more of the stock at the present price or sell what I have?—P. C. C., Altoona, Pa.

Granby Consolidated, for the six months ended June 30, 1924, reported net income of $479,256 before deducting for depreciation and depletion. The company did not issue a report covering the first six months of 1923, but for the full 1923 year, showed a net profit of $777,326 before deducting for depreciation and depletion. Granby's cost of producing copper is 11.81 cents (1923 figures) and with the metal around present prices it is not in a position to show large profits. However, there appears a good chance of the metal selling at higher levels before the close of the year in which case Granby would be, of course, materially benefited. We consider the stock to have speculative possibilities around present levels, but instead of purchasing any more, suggest a stock like Magma Copper which is a much lower cost producer and can show a substantial earning power even with the metal at present levels.

AMERICAN BOSCH MAGNETO

Highly Speculative

Although your inquiry Department advised me to take a five point loss in American Bosch Magneto—I own 100 shares—I decided to hold on and have succeeded in doubling my paper loss. Should I take it or is there a possibility of the stocks working back to around 40?—G. G., Philadelphia, Pa.

American Bosch Magneto, for the six months ended June 30, 1924, showed profits equivalent to $1.84 a share after allowance for depreciation. As this company usually makes the largest percentage of its profits in the first six months, this is not an impressive showing and the stock does not appear to us entitled to higher levels than those now prevailing. In our opinion, it would be advisable for you to switch into Hudson Motors, paying $3 and selling around 29. Hudson is earning its dividend about twice over and the outlook for its business appears favorable. By making a switch you would have a stock with better prospects of advancing in price and at the same time receive a very liberal return on your investment.

UNION TANK CAR

Earnings Fall Off

I have 50 shares of Union Tank Car, in which I have a loss of about $500. What would you do with it? I notice that the company appears to be earning just about as much money as a year ago, but I am not good at analyzing financial statements and hesitate to form my own decision. That is why I always rely on your Department for advice.—D. T. G., Wilkes Barre, Pa.

Union Tank Car, for the six months ended June 30, 1924, earned $4.95 a share on its stock which compares with $8.36 a share in the first half of 1923. This drop in earnings was due to less favorable conditions prevailing in the oil industry. Union Tank Car is a strong company financially and has shown a substantial earning power for some years. In 1923, $18.14 a share was earned on the common stock. However, conditions are not particularly favorable at the present time and for that reason there may not be an early increase in the present dividend rate of $5. As a $5 stock, it is obviously selling rather high. You have a large loss in this issue because you purchased the stock just after it had a very sharp upward movement. In view of the good record of the company there is a fair chance that ultimately you will be able to recover your loss, but we feel that you would be better off in a stock like Mack Truck selling around 94 and paying $6. Mack Truck earnings are greater than those of Union Tank and the outlook is better. Moreover, you would receive a larger return on your money.

NEW YORK DOCK COMPANY

Outlook Improved

What is your opinion of New York Dock Company? My 50 shares stand me about 40. —G. F. K., New York City.

New York Dock earnings have been disappointing for some time, largely due to the depression in the shipping industry. In 1923, $1.75 a share was earned on the common stock, compared with $2.13 in the previous year. So far this year, earnings have ben at about the same rate as 1923. While this is a low earning power, it should be realized that the company's water-front properties are valuable and may some day be sold at a price which would warrant considerably higher prices for its common stock. The outlook for the rehabilitation of Europe is a favorable development for this company and it is likely to increase world trade and result in a greater demand for terminal facilities. Under the circumstances, we do not consider it advisable to accept the large loss this commitment shows you.

GODSCHAUX SUGAR COMPANY

Preferred Dividend Passed

Please advise me regarding Godschaux Sugar. It seems difficult for me to get a satisfactory quotation on it or any outside information regarding the Company and its earning possibilities.—J. M. B., Chicago, Ill.

Godschaux Sugar, Inc., has not yet issued its report for the year ended June 30, 1924. In the 1923 fiscal year, there was a deficit of $758,743 which, however, included a fire loss of $436,955. In January, directors passed the quarterly dividend due on the preferred stock and at that time it was stated that for the quarter ended December 31, 1923, net profits were $540,000. It is generally understood that the dividend was passed because of increased expenditures required

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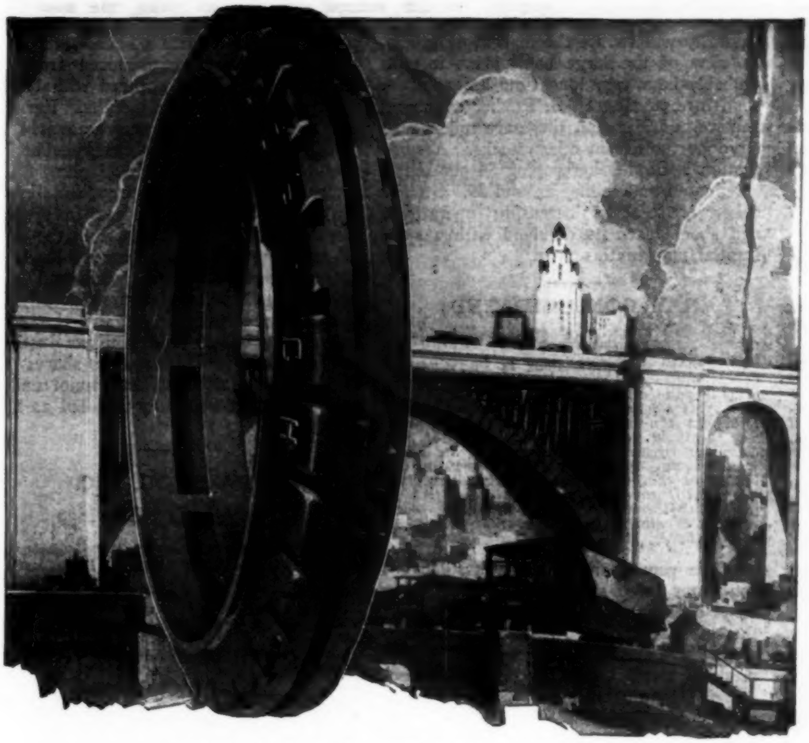

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Akron, Ohio

BEST IN THE LONG RUN

for enlargement of a refinery. At present, the preferred stock is selling around 25 and the common around 4. The decline in the price of sugar over the past several months has been an unfavorable development for the company, but the outlook now appears to favor higher prices for sugar and we regard both stocks as having fair speculative possibilities.

UNITED STATES RUBBER

Bank Loans Still High

I notice that U. S. Rubber earnings in the first half of this year were equal, after preferred dividends, to $2.05 on the common, against $2.24 in the same period of 1923. Early this year I bought 75 shares for 26 and have, of course, a moderate profit, but nothing like what I expected from what I read at that time about the business possibilities of the company this year. What would you advise me to do?—G. F. B., Newark, N. J.

In our opinion, it is advisable for you to take profits in United States Rubber common. While it is true that the company earned $2.05 on the common stock the first six months this year, the fact must be taken into consideration that the first six months are generally the most profitable of this company's operations. In 1923, for example, practically all the profits were made in the first six months. At the close of June, the company had bank loans of around 40 millions which was higher than at the close of 1923. While sales of tires are reported to be at a satisfactory rate at present, there was recently a 15% cut in prices which naturally will reduce the margin of profit. In view of the large bank loans it will probably be a very long time before dividends are paid on U. S. Rubber common, and we consider that there are much better opportunities in other stocks. A suggestion is Studebaker paying $4 per share per annum and selling around 39. Studebaker is steadily increasing operations and should earn its dividend with a substantial margin this year.

RAY CONSOLIDATED

Reducing Costs

I have been a stockholder in Ray Consolidated for several years but all I ever see are the financial statements which mean little to me, as I have no financial training. When I bought the stock I thought the company was destined to be, evidently, one of the dominant copper interests and that its stock would some day sell at $75 a share, as my broker at that time said. I have about lost hope but I am willing to hold the stock if you think there is a chance of getting even $25 for it within the next year or so.—J. B. F., St. Louis, Mo.

When you purchased Ray Consolidated, conditions surrounding this company were very different from those obtaining at the present time. In the past several years there has been a great increase in production of copper by companies operating in South America which are nearly all low-cost producers. This has been an important factor in holding the price of the red metal at low levels. Recently, however, Ray Consolidated has made considerable progress in reducing costs, and in the second quarter of 1924, the cost per pound of copper produced from all sources was 11.28c. compared with 11.75c. in the preceding three months. For the six months, total income amounted to $896,598 after deducting charges, but before depreciation and depletion. The company received an average of slightly less than 13c. for its copper in the six months' period. An increase in the price of copper metal from present levels is not an impossibility this year and such development would, of course, greatly increase the earning power of the company. We believe that you are justified at this time in holding the shares for higher levels, although we cannot undertake to predict that they will sell as high as 25.

VIVAUDOU, INC.

Disappointing Earnings

I bought some Vivaudou at the time it was introduced to the public but I am still a stockholder — only 100 shares fortunately. Would you think it advisable to increase my holdings now, therefore averaging down very nicely,—and if so how many shares would you buy? In other words to what figure would you average down?—G. F., Philadelphia, Pa.

Although Vivaudou in 1923 was able to show earnings equivalent to $2.19 a share on the stock, earnings this year have been decidedly unsatisfactory and (*Please turn to page 798*)

Automobile Companies Which Are In a Good Position

Generally Increased Buying Power of the Farmers Expected to Have Good Effect on Sales this Fall

I would like to have your frank opinion of the automobile situation. It appears to me that with the farmer more prosperous, the automobile industry should benefit. If you agree with this view, please designate a few companies that in your opinion will be in the best position to benefit.—D. S., Trenton, N. J.

The increased buying power of the farmer should be reflected in larger sales of automobiles in the farming districts, which since 1921 have been backward in this respect. We consider, therefore, that the outlook for the automobile industry is encouraging for the balance of the year. While the first six months of 1924 were unsatisfactory in the automobile industry, the situation was not nearly as bad as has been painted. Many companies did not do as well as in the previous year for the reason that they scheduled their production early in 1924 at a considerably higher rate than in 1923 and as this increased demand did not develop, dealers became overstocked with cars. In May and June, consequently, production of many plants was drastically curtailed. This curtailment has to a certain degree rectified the situation and stocks of cars now on hand are close to normal. When the Fall demand makes its appearance, therefore, a large majority of automobile companies will be able to speed up operations and increase their earnings.

Several automobile companies now appear in a strong position. Among them, *Maxwell Motors* has, of course, been greatly helped by the remarkable success of the Chrysler car and earnings are at the rate of over $30 a share on the A stock. In view of a strong financial condition, favorable dividend action may be taken this year.

Hudson Motors Co. is showing great progress. In the first seven and a half months this year, considerably more cars were produced than in the entire 1923 year. The $3 dividend is being earned about twice over.

While *Studebaker* earnings fell off this year, they are still substantial and the new models to be introduced shortly are expected to bring operations up to capacity this Fall.

Willys Overland earnings took a big drop in the first six months, but even so were equal to $12½ per share on the preferred stock. Dealers' stocks are now normal and the company is gradually increasing operations. Financial condition is sound and the preferred stock appears in line for dividends, although no action may be taken this year.

Nash Motors is a strong company that continues to make good profits. Earnings this year will be less than in 1923, but should reach $20 a share.

New York Stock Exchange

	Pre-War Period 1909-13		War Period 1914-18		Post-War Period 1919-1923		1924		Last Sale	Div'd $ Per
RAILS:	High	Low	High	Low	High	Low	High	Low	Sept. 3	Share
Atchison	125⅛	90¼	111¼	75	108½	91¼	106⅝	97⅛	104	6
Do. Pfd.	106¼	96	102⅛	75	95½	72	93½	86½	92	5
Atlantic Coast Line	148½	102½	126	79⅛	127	77	137	112	131⅛	8
Baltimore & Ohio	122¼	90⅝	96	88¼	60¾	27⅝	65	52⅛	62¾	5
Do. Pfd.	96	77⅛	80	48¼	66¼	38½	61¾	56⅛	†59⅝	4
Canadian Pacific	283	165	220⅛	126	170⅞	101	154½	142¾	147¾	10
Chesapeake & Ohio	92	51⅛	71	35⅝	79	46	92¾	67¾	86	4
Ches. & Ohio Pfd.	..	..	..	..	105⅝	96	109⅛	99½	103⅛	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52⅜	11¼	18⅛	11⅜	15¾	..
Do. Pfd.	181	130½	143	62½	76	20⅜	30¼	21¼	25⅜	..
Chicago & Northwestern	198½	123	126⅞	85	105	45⅞	64¼	49¼	62	4
Chicago, R. I. & Pacific	..	..	45¾	16	50	19⅛	36¾	21½	31	..
Do. 7% Pfd.	..	..	94¾	44	105	64	91	76¾	†86¼	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	79⅛	65⅝	76½	6
Delaware & Hudson	200	147½	159½	87	141½	83¼	134¾	104½	†123½	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	141⅞	110¾	136	6
Erie	61¼	23½	59½	18¾	22¾	7	35⅜	20¾	29¼	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	33	11⅛	42⅞	28⅝	41	..
Do. 2nd Pfd.	39⅛	19½	45⅝	13⅛	27⅝	7⅛	42	25⅛	41	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	69⅜	53¾	66	5
Illinois Central	162⅛	102¾	115	85¼	117½	80⅞	114½	100¼	111½	7
Kansas City Southern	50⅛	21⅜	35⅛	13½	28⅞	13	24¼	17¾	†21	..
Do. Pfd.	75½	56	65½	40	59⅛	40	55½	51¼	53⅝	4
Lehigh Valley	121⅛	62½	87⅛	50⅜	72	39¼	72⅜	39½	53⅞	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	101¾	87⅝	†98½	6
Mo., Kansas & Texas	51⅛	17½	24	3⅛	*19¾	*¾	16⅜	10½	16	..
Do. Pfd.	78¼	46	60	6½	*48¼	*2	49	29¾	48	..
Mo. Pacific	*77½	*21½	38½	19⅞	38⅞	8¼	20½	9¾	19¼	..
Do. Pfd.	..	..	64⅞	37½	63¾	22¼	54⅞	29	53⅝	..
N. Y. Central	147¾	90⅜	114¼	62½	107⅛	64⅛	110⅝	99⅛	107¾	7
N. Y., Chicago & St. Louis	109¾	90	90¾	55	91½	23¼	116½	72½	113¾	6
N. Y., N. H. & Hartford	174¼	65⅜	89	21⅛	40⅞	9⅝	30⅛	14⅛	24	..
N. Y., Ont. & W.	55⅛	25½	35	17	30½	14⅛	22¾	16	20½	..
Norfolk & Western	119¼	84¾	147⅛	92⅝	125⅛	84¼	132½	102½	128⅜	8
Northern Pacific	159½	101¾	118⅞	75	99⅞	49¾	67¾	47⅞	65½	5
Pennsylvania	75⅝	53	61½	40¼	49¾	32¼	46¾	42¼	45	3
Pere Marquette	*36½	*15	38⅛	9½	47¼	12⅛	68⅛	40½	63⅜	4
Pitts. & W. Va.	..	..	40⅜	17¾	94	21⅛	63⅞	38	62½	..
Reading	89⅝	59	115½	60⅛	108	60¾	79	51⅞	61⅛	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	56½	34¼	†35¼	2
Do. 2nd Pfd.	58¼	42	52	33¾	65½	33¼	56	33⅛	35⅞	2
St. Louis-San Francisco	*74	*13	50½	21	38⅞	10¼	29¼	19⅛	28½	..
St. Louis Southwestern	40⅜	18½	32⅛	11	40	10⅞	45⅝	33	42⅛	..
Southern Pacific	139⅛	83	110	75¼	118⅛	67½	97⅞	85½	94¾	6
Southern Ry.	34	18	36¾	12½	38⅝	24¾	70⅛	38½	66⅞	5
Do. Pfd.	86⅞	43	85⅛	42	72½	42	75⅞	66¼	74½	5
Texas Pacific	40½	10¼	29½	6½	70½	14	39¼	19	36	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	147⅞	126⅝	142	10
Do. Pfd.	118½	79¾	86	69	80	61¼	76½	70	74⅞	4
Wabash	*27⅞	*2	17½	7	14⅜	6	17⅜	10¼	15⅜	..
Do. Pfd. A	*61¼	*6⅛	60½	30⅞	38	17	47¾	34	43⅛	..
Do. Pfd. B	..	..	32⅞	18	25½	12¼	30⅞	22	†28½	..
Western Maryland	*56	*40	23	9¼	17¼	8	13¾	8⅜	11⅝	..
Western Pacific	..	..	25½	11	40	12	24⅜	14¾	21½	..
Do. Pfd.	..	..	64	35	78	51½	73⅞	58	†69½	6
Wheeling & Lake Erie	*12⅜	*2½	27⅜	8	18⅛	6	15¼	7½	12¼	..
INDUSTRIALS:										
Adams Express	270	90	154½	42	84	22	89½	73½	†86	6
Allied Chem.	..	..	..	..	91⅜	34	79	65	72⅜	4
Do. Pfd.	..	..	..	..	115½	83	118¼	110	115⅞	7
Allis-Chalmers	10	7⅜	49⅛	6	59¾	26½	66½	41⅝	63	4
Do. Pfd.	43	40	92	32½	104	67½	100½	90	†97	7
Am. Agr. Chem.	63⅜	33½	106	47¾	113¾	10⅛	17⅛	7⅛	12⅜	..
Do. Pfd.	105	90	103½	89⅞	103	28¼	49⅝	18¾	32	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	49½	36	42⅜	4
Am. Bosch Mag.	..	..	..	..	143⅞	22⅞	38⅞	22¼	29¼	..
Am. Can	47⅜	6⅞	68½	19¾	107⅝	21¾	138⅛	95⅞	132	6
Do. Pfd.	129¼	98	114½	80	115	72	116½	109	114¾	7
Am. Car & Fdy.	76½	36½	98	40	201	84⅛	178	153½	168¼	12
Do. Pfd.	124¾	107½	119⅛	100	126⅛	105¾	125	118¾	†122	7
Am. Express	300	94¾	140½	77½	275	76	122½	88	†118	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	13⅝	7¼	11	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	65	50½	61⅝	..
Am. Ice	..	..	49	8⅞	122	37	96	72	75½	7
Am. International	..	..	62¾	12	132¼	16	29⅞	17⅜	27¼	..
Am. Linseed	20	6⅞	47¾	20	95	13	22⅜	13¾	†18⅛	..
Am. Loco.	74¾	19	98¼	46⅜	136¾	58	83¾	70⅛	80¾	6
Do. Pfd.	122	75	109	93	122¼	96½	120¼	116¼	†119	7
Am. Safety Razor	..	..	..	..	22	3½	8	5⅞	7⅝	50c
Am. Ship & Com.	..	..	..	..	47½	4¼	15⅜	10⅜	11¼	..
Am. Smelt. & Ref.	105½	56⅜	123¾	50¼	89¾	29¼	78½	57½	75	5
Do. Pfd.	116¾	98¼	118⅛	97	109⅝	63¼	105	96	104¼	7
Am. Steel Fdys.	74½	24⅛	95	44	50	18	40⅛	33½	†36½	3
Do. Pfd.	..	..	..	..	107	78	106¾	101¼	†105	7
Am. Sugar	136⅜	99⅞	126½	89⅛	148⅜	47⅜	61¾	38⅝	48	..
Do. Pfd.	133½	110	123½	106	119	67½	99⅞	79	90½	7
Am. Sumatra Tob.	..	..	145¾	15	120½	16	28½	6⅜	7¾	..
Do. Pfd.	..	..	103	75	105	32½	69	27½	†28	..
Am. Tel. & Tel.	153⅜	101	134½	90⅝	128¾	92⅛	130⅞	121⅛	128	9
Am. Tobacco	*530	200	256	123	314½	104⅛	157	136⅝	152	12
Do. B	..	..	..	..	210	100⅛	106½	101	105¼	6
Am. Woolen	40⅜	15	60⅜	12	169½	55½	78⅞	62	71½	..
Do. Pfd.	107¾	74	102	72½	111⅞	88½	102⅝	96¾	100⅝	7
Anaconda	54⅜	27½	105⅜	24¼	77⅞	30	42	28½	39¾	..
Associated Dry Goods	..	..	28	10	89	48	122	79	117	5
Do. 1st Pfd.	..	..	75	50½	89	49⅞	89	85	†89	6
Do. 2nd Pfd.	..	..	49½	35	93½	88	99	89	†97	7
At. Gulf & W. I.	13	5	147¾	4½	192⅝	9¼	21⅝	10¾	16	..
Do. Pfd.	32	10	74¾	9⅞	76½	6⅜	27⅜	12¼	20⅜	..
Baldwin Loco.	60¾	36½	154½	26⅝	156⅛	62⅛	131	104⅝	122	7
Do. Pfd.	107½	100¼	114	90	118	92	116	111	†113	7
Bethlehem Steel B	*51⅝	*18¾	155½	59¾	112	41½	62⅛	41½	45⅝	..
Do. 7% Pfd.	80	47	186	68	108	87	97	89½	92⅝	7
Do. 8% Pfd.	..	..	110½	92½	116¾	90	110⅝	102	†105	8

Price Range of Active Stocks

INDUSTRIALS Continued:	Pre-War Period 1909-13 High	Low	War Period 1914-18 High	Low	Post-War Period 1919-1923 High	Low	1924 High	Low	Last Sale Sept. 3	Div'd $ Per Share
Burns Bros. A	45	41	161½	50	147	76	112½	97½	†104⅛	10
Do. B	..	..	..	..	53	21½	27	19⅜	†23½	2
Calif. Packing	..	..	50	30	87½	48¾	90	80	87¾	6
Calif. Petro.	72½	16	42⅜	8	71⅞	15¾	29¾	19½	21⅞	1¼
Calif. Petro. Pfd	95½	45	81	29½	110½	63	107	92½	†95	7
Central Leather	51⅜	16½	123	25⅞	116½	9⅛	17⅞	9⅞	13¾	..
Do. Pfd	111	80	117½	94⅞	114	28⅛	52¾	29⅜	47⅝	..
Cerro de Pasco	..	..	55	25	67½	23	49⅛	40⅜	47¼	4
Chandler Mot.	..	..	109⅞	56	141¼	33¼	66½	39¾	40⅞	6
Chile Copper	..	..	39¾	11⅛	30⅜	7¼	35½	25⅝	34¼	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	14⅛	23⅛	15	22	..
Coca Cola	..	..	..	..	83⅜	18	78½	61	76⅝	7
Colum. Gas & E.	..	..	54⅛	14⅛	114⅞	30¼	42⅝	33	41⅞	2.60
Consol. Cigar	..	..	..	..	80	13½	22⅛	11⅜	18½	..
Con. Gas	*165¼	*114½	*150½	*112⅝	*145¼	56¼	72⅞	60⅞	71½	5
Corn Prod.	26½	7⅜	50½	7	160½	45	37⅞	31½	33⅛	2
Do. Pfd	98½	61	113½	58⅛	122¼	96	123¼	115⅛	†121	7
Crucible Steel	19⅜	6½	109⅞	12½	278½	49	71¼	48	57	4
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅛	18	11¼	14¼	..
Cuban-Amer. Sugar	*58	*33	*273	*38	*605	10⅞	38⅞	28½	33	3
Endicott-Johnson	..	..	..	..	150	44	67½	62	†63	5
Do. Pfd	..	..	..	..	119	84	115	105½	†108¼	7
Famous Players	..	..	..	..	123	40	87½	61	80½	8
Do. Pfd	..	..	..	..	107⅜	66	97½	87⅞	95¾	8
Freeport Tex.	..	..	70½	25¼	64⅜	9½	13⅞	8	8⅝	..
Gen'l Asphalt	42⅞	15½	39⅜	14⅛	160	23	47⅜	31⅜	42¾	..
Gen'l Electric	188½	129⅜	187¼	118	202¼	109½	281	193½	270	‡8
Gen'l Motors	*51⅜	*25	*850	*74½	42	8⅛	16¼	12¾	14¾	1.20
Do. 6% Pfd	..	..	99½	72¾	95	63	87⅛	80	†86	6
Do. 6% Deb	..	..	..	..	94¼	60	87⅛	80⅛	†86	6
Do. 7% Pfd	..	..	..	..	105	69	97¾	95⅛	97	7
Goodrich	86½	15½	80¼	19⅜	93⅜	17⅛	26¾	17	24½	..
Do. Pfd	109⅜	73⅜	116¾	79⅞	109½	62½	82⅛	70¼	80¼	7
Gt. Nor. Ore	88½	25½	50⅜	22½	52¾	24⅞	31½	26	29⅝	3
Houston Oil	25½	8¼	86	10	116½	40½	82½	61	71	..
Hudson Motors	..	..	..	..	32¼	19½	30	20½	29½	3
Hupp Motors	..	..	11¾	2½	29½	4⅜	18	11⅛	†12⅞	1
Inspiration	21⅛	13⅞	74¾	14¼	68⅞	23¼	29⅞	22⅛	28¼	..
Inter. Mer. Marine	9	2⅛	50⅜	⅜	67¾	4⅞	11¼	6¾	9⅞	..
Do. Pfd	27⅝	12½	125⅜	8	128½	18½	43½	26½	40⅜	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅜	19¾	11½	17¾	..
Inter. Paper	19⅜	6½	75½	9½	91¾	27⅞	50	34½	45⅞	..
Invincible Oil	..	..	..	..	47¼	5½	16⅞	10½	12⅜	..
Kelly Springfield	..	..	85¼	36⅞	164	20½	35	9¾	16¼	..
Do. 8% Pfd	..	..	101	72	110¼	70⅛	88	33	46¾	..
Kennecott	..	..	64¾	25	45	14⅜	49⅛	34⅛	49¼	3
Lima Locomotive	..	..	..	..	74⅞	52	68¾	56	†60½	4
Loews, Inc	..	..	..	..	38⅛	10	18	15⅛	17⅜	2
Loft, Inc	..	..	..	..	28	6	8¼	5½	7	..
Miami Copper	30¼	12¾	49¾	16½	32¼	14½	25	20	23¼	2
Nat'l Lead	91	42½	74¾	44	148	63½	160¼	123½	154¼	8
N. Y. Air Brake	98	45	136	55⅞	145¾	26⅜	45	36⅛	41¾	4
N. Y. Dock	40⅛	8	27	9⅛	70¾	15⅛	37⅛	19	30½	..
North American	*87⅞	*60	*81	*38⅞	100⅜	17½	30½	22	30¼	2.40
Do. Pfd	..	..	..	..	48½	31⅞	50¼	43⅞	48⅛	3
Pacific Oil	..	..	..	..	69⅜	27½	58¼	45	47⅜	2
Pan. Amer. Pet	..	..	70¾	55	140¼	38⅛	61¼	44¼	54	4
Do. B	..	..	..	..	111⅜	34⅛	59½	41¼	53⅜	4
Philadelphia Co	59⅛	37	48⅞	21⅛	50⅛	26½	53½	42⅞	49¼	4
Phillips Pet	..	..	..	..	69⅜	16	42½	31⅛	33¼	2
Pierce Arrow	..	..	65	25	99	6¼	19¼	6⅛	11¼	..
Do. Pfd	..	..	109	88	111	13½	36⅞	18⅛	35½	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅜	45	63¾	53⅛	†56½	4
Pressed Steel Car	56	18½	88¼	17¾	113⅜	42⅛	62	39	46¼	..
Do. Pfd	112	88½	109⅛	69	106	80	90	67	73	..
Punta Aleg. Sug	..	..	51	29	120	24¼	67⅝	47¼	54¾	5
Pure Oil	..	..	143⅞	81⅞	61⅞	16⅛	26⅜	20	23	1½
Ry. Steel Spg	54½	22⅛	78½	19	126⅛	67	131	106	125	8
Do. Pfd	113⅜	90¼	105½	75	121½	92½	119½	112½	119½	7
Ray Cons. Cop	27½	7½	37	15	27½	9⅜	14	9	13¼	..
Replogle Steel	..	..	..	..	93½	8	15⅝	7¼	12	..
Republic I. & S.	49½	15¾	96	18	145	40⅛	61⅞	42	48½	..
Do. Pfd	111⅜	64½	112⅜	72	106¾	74	94⅞	89	87⅛	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40½	59½	41½	43⅝	4.42½
Shell T. & T.	..	..	..	..	90¼	29⅛	41½	33	†35	2.08
Sinclair Con. Oil	..	..	67⅛	25¼	64⅛	16	27⅛	15	17¾	..
Stand. Oil N. J.	*448	*322	*800	*355	*212	30⅞	42¼	33	35⅛	1
Do. Pfd	..	..	..	..	118¼	100⅛	119⅛	115¾	118½	7
Stromberg Carb	..	..	45¼	21	118¼	22⅛	84⅞	54½	67	8
Studebaker	49½	15¾	195	20	151	37⅜	39¾	30½	39½	4
Do. Pfd	98⅛	64½	119½	70	118⅛	76	115	108	†108	7
Tenn. Cop. & Chem.	..	..	21	11	17¼	6¼	9¾	6¾	8⅝	..
Texas Co.	144	74½	243	112	67⅜	29	45⅝	37¾	40¼	3
Tex. Pac. C. & O	..	..	..	..	195	8½	15¼	8¼	†8½	..
Tobacco Prod.	145	100	82⅜	25	115	45	70¾	53	65⅛	6
Transcontl. Oil	..	..	..	..	62⅜	1⅜	6¼	3¾	4¾	..
United Fruit	208½	126⅛	173	105	224⅞	95⅜	224½	182	†214	10
U. S. Ind. Alco	57¼	24	171½	15	167	35⅛	83⅝	61⅛	72	..
U. S. Rubber	59½	27	80½	44	143¾	30⅛	42⅞	22½	35⅞	..
Do. Pfd	123½	98	115¼	91	119½	74	94¾	66½	88⅞	8
U. S. Smelt. & R.	59	30⅜	81½	29	78⅛	18⅜	36	18½	32½	..
U. S. Steel	94⅞	41⅛	136⅜	38	115½	70¼	111¾	94¼	108⅜	‡5
Do. Pfd	131	102½	123	102	123½	104	123	118⅜	121⅜	7
Utah Copper	67½	88	130	48½	97½	41⅛	81¾	64	78¾	4
Vanadium	..	..	..	..	97	24¼	33½	19⅛	27¼	..
Va.-Caro. Ch.	70⅜	22	60¼	15	92½	6¼	10⅜	¾	1½	..
Do. Pfd	129½	62	118⅜	80	115⅞	17	34½	2½	5	..
Western Union	36⅜	56	105½	53⅜	121¼	76	118	105	114¼	7
Westinghouse Mfg	45	24⅜	74⅞	32	67⅛	38⅞	65	55⅛	63⅝	4
White Motors	..	..	60	30	86	29⅛	66	50½	64¼	4
Willys Overland	*75	*50	*325	15	40¼	4½	14¼	6⅞	8½	..
Wilson Co.	..	..	85¼	48	104⅞	19	28	4⅛	6	..
Woolworth	177⅜	76⅛	151	81½	290	100	120½	72½	111¼	3

* Old Stock. † Bid price given where no sales made. ‡ Not including extras.

ANSWERS TO INQUIRIES

(*Continued from page* 794)

have resulted in the passing of the dividend. For the quatrer ended March 31, 1924, the company reported earnings of $97,916, and for the quarter ended June 30, 1924, there was a loss of $87,172. For the six months, therefore, the company earned practically nothing. Financial condition is not strong. At the close of 1923, bank loans were over a half a million. While we believe that the company has a fair chance of improving its position, the situation at present is such that the stock must be regarded as decidedly speculative and we do not feel justified in advising that you place any additional money in the issue. In view of the large loss you have in the stock, however, we do not advise you to accept this loss as the company's situation is by no means without prospects of betterment.

BOSTON & MONTANA

Little Hope for Stockholders

I am one of the ill-starred stockholders of Boston and Montana. Some of my stock cost me only 19c (2,000 shares) but I have 800 that cost me practically $1. What chance have I of getting some of my money back? G. K., Buffalo, N. Y.

We are very sorry indeed that you did not communicate with us before you purchased Boston & Montana stock instead of now when it is apparently too late. We can see little hope for stockholders, as the company's debts are heavy and, if there is any reorganization plan, a large sum of money would have to be raised. The stockholders, in order to retain their interests, would undoubtedly have to increase their investment. As the properties themselves seem of more or less doubtful value, it is our opinion that stockholders are in a rather hopeless position and had best dispose of the stock, although only two or three cents a share can now be realized.

WHITE EAGLE OIL

Earnings Slightly Lower

Would you advise me to continue holding stock of the White Eagle Oil and Refining Company? I note that its July sales of gasoline showed an increase in volume but a decreases in value, from last July.—H. E. E., Newark, N. J.

As you state, July sales of gasoline of this company showed an increase in volume, but a decrease in value, this decrease being due to lower prices prevailing for gasoline. For the six months ended June 30, 1924, net income before deducting depreciation, depletion and Federal taxes, was 1.6 million compared with 1.7 million for the same period of 1923. For the full 1923 year, the company earned $2.93 a share after allowing for depreciation and depletion. In view of the large stocks of oil still on hand, it is probable that earnings of the company will not show any improvement over 1923 figures. White Eagle Oil has a well rounded organization and the stock is not unattractive as a long-pull holding.

(*Please turn to page* 817)

TRADE TENDENCIES

(*Continued from page* 781)

are, in consequence, becoming disturbed about the condition of their own stocks.

The U. S. Sugar Association places Cuba's surplus of raw sugar at 979,741 tons or 270,266 tons above the total held at this time last year. Should the commodity continue to move into distributive channels at the current rate, which seems probable, these stocks will be reduced to a very low state before the next crop becomes available. Domestic demand for refined sugar is expanding considerably with the beginning of the canning and preserving seasons and there is no indication of let-up in foreign requirements.

CHEMICALS

Recovery Indicated

While it could scarcely be said that the chemical trades are active, there is a noticeable tendency to throw off the lethargy of recent weeks in consequence of revival in large consuming industries, such as textiles, leather, paper and the like. Thus far, the most tangible evidence of improvement has not been so much the gain in orders, which is only fair, but rather the gradual lifting of selling pressure on numerous items.

With returning business sellers are less disposed to unload at any price and the markets are beginning to stabilize. Average prices have been rising for some time past but these gains were due chiefly to advances in the metal salts, following the recovery in the non-ferrous metals, and to the undue influence of higher prices for cottonseed and related products. Industrial chemicals are becoming firmer, nevertheless.

A feature of the present situation is renewal of forward buying, particularly on the part of textile interests. Although purchasing of this character is still the exception, its reappearance, even on a small scale, is construed as encouraging to manufacturers. Production has been expanding of late and is now on a more liberal basis than for some months but output remains restricted. As in other lines, supplies in consuming channels are relatively low, having been pretty generally worked off after months of conservative buying. In general, the chemical trades are in a position to register gradual improvement.

For Articles to Appear

in the September 27th Issue

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CURRENT BOND OFFERINGS

FOR the week ending August 23, bond offerings totaled 45.0 millions and for the week ending August 30, the total was 73.2 millions. This was a decidedly smaller amount than in the two previous weeks, which was to be expected since the period just before Labor day is usually a dull one for investment bankers.

The largest offerings for the period were the 12 millions State of Illinois issue, the 10 millions Sun Oil Company debentures, the 20 millions Province of Ontario bonds and a 12 million dollar Pacific Gas and Electric issue. Foreign, public utility and railroad financing was the most prominent. The demand for money abroad is expected to result in still further increases in foreign loans. It is reported that four large issues are in the making for the latter part of the year, and the Belgian bonds offered a few days ago were so well taken as to warrant the belief that investors are favorably inclined toward sending their money abroad. The higher interest rate, at a time when good bonds on a favorable yield basis are scarce, has a great deal to do with good sentiment toward foreign issues.

NEW BOND OFFERINGS

STATE AND MUNICIPAL	Amount	Yield Off'd (%)
State of Illinois....	$9,000,000	4.00
State of Illinois....	3,000,000	3.50–4.05
Missouri Road B'ds	16,000,000	3.98
Michigan Highway	1,900,000	4.00
Michigan Highway	1.100,000	4.05
FOREIGN		
Prov. of Ontario..	20,000,000	4.75
Lower Austrian H. E. Power....	3,000,000	8.02
RAILROADS		
Gt. North. Equip..	4,500,000	4.70
B. R. & P.........	3,000,000	5.30
Louisville & Nash.	16,000,000	4.82
PUBLIC UTILITY		
New Orleans P. S.	1,600,000	6.25
Pacific G. & E....	12,500,000	5.65
Amer. G. & E.....	9,000,000	6.30

HOW TO ANALYZE YOUR BROKER'S STATEMENT

(*Continued from page* 765)

a total of $3.07 credited, as noted on the Credit side. In other words, the customer owes his broker an interest balance of $23.77 figuring at 6%. But the rate for the month was 5½% so the broker adjusts the interest balance to a 5½% basis and charges the net result, $21.79, to the Debit side. The total, of debits for the month plus the previous debit of $3,571.33 carried over from the preceding month, is $5,390.62. The total credits for the month are $2,771.76. The difference between the two amounts is what the customer owes his broker, or $2,618.86. This is known as the "Debit Balance" and is entered on the Credit side so that the total of credits plus the Debit Balance will equal the total of Debits. It is also brought down on the Debit side under the double line, together with the list of long stocks on hand at the end of the month.

Knowing the debit balance and having the list of securities in the account it is no great matter for the customer to figure his "equity," i. e., what he would receive in actual cash after selling his securities and deducting the debit balance due the broker.

Taking, for example, the then current market prices of the long stocks, the total of their market value would be a shown in the following tabulation:

25 Houston Oil @ 71	$1,775.00
5 Midvale Steel @ 26	130.00
50 Mutual Oil @ 11	550.00
5 Southern Pacific @ 96	480.00
10 Tidewater Oil @ 19	1,190.00
Market value of the securities in the account	$4,125.00
Deduct debit balance owed to broker	2,618.86
Balance, or equity, accruing to customer	$1,506.14

The only way the customer can find out his equity is to figure out the value of his securities and deduct his debit balance, as we have done in the foregoing tabulation. Inasmuch as the broker has to constantly figure out the customer's equity, to make certain that the account is sufficiently margined, we see no reason why the customer's equity should not be presented as a part of the monthly statement, figured on the basis of closing prices at the end of each month. That such an innovation would be cordially welcomed by the investing public goes without saying, for one of the things that the average individual likes to do least, is to sit down and figure out accounts, especially in a field where he does not feel at home. Apparently tradition and stale custom is the only reason why brokers do not include customers' equities in monthly statements. The progressive house which inaugurates this feature will make a tremendous hit with its clients. Incidentally it will do a lot to dispel the hazy idea existent in the public mind that brokers' statements are designed to conceal rather than reveal. (*Please turn to next page*)

Having grasped the fundamentals of analyzing a simple, broker's statement such as the foregoing the investor should have no difficulty in understanding the few additional points which have not as yet been taken up. Short sales, for instance, are a very simple matter. When a security is sold short the total received, less commissions and taxes is credited to the customer's account and the name and amount of stock entered, usually in red ink to distinguish it from "longs" on the credit side of the account. In figuring the equity on short sales the customer merely figures the market value of his shorts and if it is in excess of the price he received on his short sales he adds the paper loss to his debit balance. If less than the price received he has what is known as an unrealized or "paper" profit which he adds to his credit balance or equity. Some brokers render separate accounts for short transactions. Dividends on short stocks are charged to the Debit side of the customer's account since the broker must pay those dividends to the purchaser in the short-sale transaction. In the case of a "short" transaction the broker has to borrow the stock from another broker to make delivery and no actual cash, therefore, comes into the account through the transaction. The customer is, therefore, entitled to no interest on the proceeds of the short sale.

The foregoing sets forth in non-technical language the fundamentals which must be understood in order to analyze a broker's account. They are neither many nor complicated as the reader has seen. All brokers do not follow the same form in making up their monthly statements to their customers but the principles underlying all brokers' statements are identical. Mental inertia is the main reason why more investors and traders do not check their monthly statements. The broker's monthly report to his customer is not intended to be a mystery nor is it one to the individual who is willing to take the time and pains to find out what it is all about.

MUST THE SCHOOL TEACHER RETIRE POOR?

(Continued from page 786)

able through most of the "Old Line" life insurance companies in contracts extending over either short or long periods—usually running in multiples of five years, as a 5-Year Endowment, 10 Year, and 15, 20, 25, 30, 35, and 40-Year Endowments.

The accompanying figures give an idea of the annual cost for some of the principal Endowment forms.

Some companies will issue special Endowment contracts to meet the individual desire of the applicant, as in the case of a woman of forty-three who wishes a 12-Year Endowment to mature at the same time that her pension commences—in her fifty-fifth year. By electing to have the proceeds of her policy made payable in instalments over a given period of years—or throughout her remaining lifetime—she thus supplements her pension and materially increases her income and comfort after retirement from service. If she pre-

fers to take the proceeds in cash, she has funds in hand to buy that longed-for "little home somewhere in the country."

In the case of a young teacher, say twenty-five years of age, a 30-Year or even a 35-Year Endowment, would require relatively small premium payments, and would gradually build up old age independence. Indeed, when her Endowment matures at age fifty-five or sixty, she would probably scorn to admit herself in the "old age" class! Should she marry after taking out her Endowment—and marry a man of thrifty and businesslike qualities—he would doubtless encourage her in maintaining this life insurance which, in addition to helping her to save, includes a protective feature for husband or child in event of her death prior to the maturity of the Endowment. If she marries a man who is a good spender but a poor saver, then all the more reason that she should use every endeavor to continue her Endowment insurance under which she is guaranteed a modest independence in old age. In addition, she should urge her husband to carry proper insurance protection for his family.

An excellent form of coverage for a young teacher to carry is that known as an "Old Age Income Policy," under which an income of $25, $50, or more per month, is paid on the attainment of age 60. This income may be provided for ten years only, beginning with age 60, though it may better be continued throughout life. The premiums may be settled in ten years, in twenty years, or continued by yearly payments until age sixty when the income commences. For instance, a teacher twenty-five years of age may arrange for an income of $25 a month commencing at age 60, to continue for life thereafter, for an annual premium, payable up to the time the income commences, of but $93 (less dividends). If she prefers to pay premiums over but *twenty* years, the annual cost would be $123; and in case she wishes to still further shorten the period of premium payments, she can arrange to pay them for only ten years at an annual rate of approximately $200—the income in each case, of course, commencing at age sixty and continuing for life afterwards. This policy also protects a beneficiary in case the teacher should die prior to attaining the age at which the guaranteed income commences.

"I can save just as well through a building and loan society, or a savings bank," is the reaction of many a woman to the suggestion of life insurance. So she can—*if she will*—and both are good channels for saving. But aside from the saving element of the Endowment Policy it has a distinctive advantage which is lacking in other thrift plans: *from the payment of the first premium* it protects some loved one whom the teacher supports, in the full amount of its face value. Moreover, it is quite remarkable how the gentle compulsion of regular stated premium payments tends to help in the continuance of systematic saving. The cash, loan, and surrender values increase annually, and if the policy is taken with a participating company the dividends also grow larger each year. It would be folly to allow this growing asset to fail through lack of consistent saving.

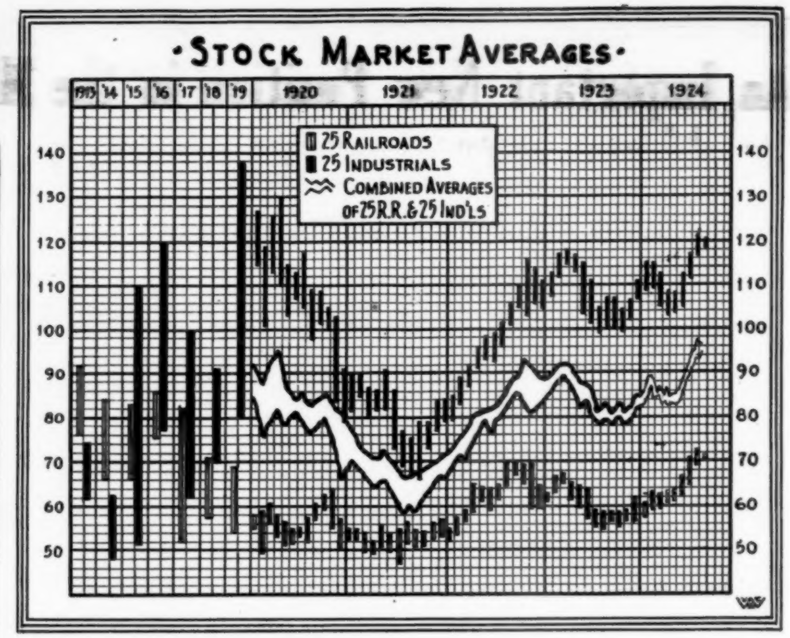
UNLISTED UTILITY BOND INDEX

(IN ORDER OF PREFERENCE)

POWER COMPANIES

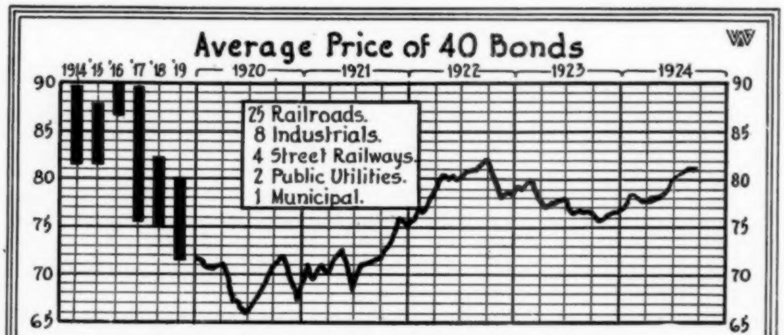
	Investment Grade	Bid Price	Asked Price	*Yield
Indiana Power Co. 7½s, 1941	B	102	104	7.05
Cohoes Power & Light 1st 6s, 1929	A	102	103	5.35
Tennessee Power Co. 1st 5s, 1962	A	89	91	5.40
Appalachian Power Co. 1st 5s, 1941	A	94¼	95¼	5.35
Alabama Power Co. 1st 5s, 1946	A	95½	96½	5.25
New Jersey Power & Light 1st 5s, 1936	B	92½	93	5.75
Parr Shoals Power Co. 1st 5s, 1952	B	90	91½	5.60
Nebraska Power Corp. 1st 5s, 1949	A	95½	96½	5.30
Appalachian Power Co. 7s, 1936 (Non-Callable)	B	105	106	6.30
Penn.-Ohio Power & Light 8% Notes, 1930	B	107	109	6.40
Union Elec. Light & Power Co. 1st 5s, 1932	A	97	98	5.25
Idaho Power Co. 5s, 1947	A	93	93½	5.60
Texas Power & Light Co. 1st 5s, 1937	B	94	95½	5.50
Ft. Worth Power & Light 5s, 1931	A	98½	99½	5.20
Central Ga. Power Co. 1st 5s, 1938	B	91½	93	5.80
Electrical Development of Ontario 5s, 1933	A	97	98	5.30
Adirondack Electric Power 1st 5s, 1962	A	98	99	5.05
Carolina Power & Light 1st 5s, 1938	A	98	99	5.10
Madison River Power Co. 1st 5s, 1935	A	98	99	5.05
Shawinigan Water & Power 1st 5s, 1934	A	99½	100½	4.95
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A	105	106	5.40
Consumers Power Co. (Mich.) 1st 5s, 1936	A	98¼	99	5.05
Salmon River Power 1st 5s, 1952	A	98	99	5.20
Great Western Power Co. 5s, 1946	A	94½	95¼	5.30
Mississippi River Power 1st 5s, 1951	A	96½	97½	5.25
GAS AND ELECTRIC COMPANIES				
Wilmington Gas Co. 5s, 1949	B	87	90	5.75
Cons. Cities Light, Power & Traction 1st 5s, 1962	C	73	74	6.90
Bronx Gas & Electric 1st 5s, 1960	A	92	95	5.30
Western United Gas & Elec. Gen. 6s, 1950	B	99	99½	6.05
Waukesha Gas & Electric 1st 5s, 1959	B	85	88	5.80
Burlington Gas & Light 1st 5s, 1955	B	83	85	5.90
Twin State Gas & Electric Ref. 5s, 1953	B	82	84	6.30
United Light & Railways 6s, 1952	B	95½	96½	6.20
Tri-City Railway & Light 5s, 1930	B	95½	96½	5.80
Dallas Power & Light 6s, 1919	A	101½	102½	5.80
Portland Gas & Coke 1st 5s, 1940	B	93	95	5.45
Denver Gas & Electric 1st 5s, 1949	A	96½	97½	5.25
Indianapolis Gas Co. 1st 5s, 1952	B	92	93½	5.35
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B	103	105	6.95
Evansville Gas & Electric 1st 5s, 1932	B	95½	96	5.90
United Light & Railway 5s, 1932	B	93	94	6.05
Houston Light & Power 1st 5s, 1931	B	98	99	5.30
Nevada-California Electric 1st 6s, 1946	B	91	96	6.25
Rochester Gas & Electric 7s, Series B, 1946	B	108½	109½	6.20
TRACTION COMPANIES				
Galveston-Houston Electric Railway 1st 5s, 1954	B	84	86	6.15
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B	95	96	6.20
Northern Ohio Traction & Light 6s, 1926	B	98¾	100	6.85
Knoxville Railway & Light 5s, 1946	C	90	92	5.70
Columbus Street Railway 1st 5s, 1932	B	93	95	5.90
Kentucky Traction & Terminal 5s, 1951	C	75	75½	7.05
Detroit United Railway 1st Coll. 8s, 1941	B	106	107	7.30
Nashville Railway & Light 5s, 1953	B	91	94	5.40
Memphis Street Railway 5s, 1945	C	73	75	7.20
Schenectady Railway Co. 1st 5s, 1946	C	51	54	10.30
HOLDING COMPANIES				
American Power & Light 6s, Series A, 2016	B	93½	95½	6.30
Standard Gas & Electric Co. 6s, 1935	C	90½	92	7.15
Penn.-Ohio Edison 6½s (notes), 1927	C	98	100	6.50
General Gas & Electric s. f. 7s, 1952	B	97	101	6.90
American Gas & Electric 6s, 2014	B	95	96½	6.10
Middle West Utilities 8s, 1940	A	105	107	7.40
TELEPHONE AND TELEGRAPH COMPANIES				
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A	96¼	97½	5.40
Houston Home Telephone 1st 5s, 1935	A	97	99	5.05
Chesapeake & Potomac Tel. Co (Va.) 1st 5s, 1943	A	94½	96½	5.35
Ohio State Telephone Co. Ref. 5s, 1944	A	96½	97½	5.35
Western Tel. & Tel. Collateral Trust 5s, 1932	A	96	98	5.35

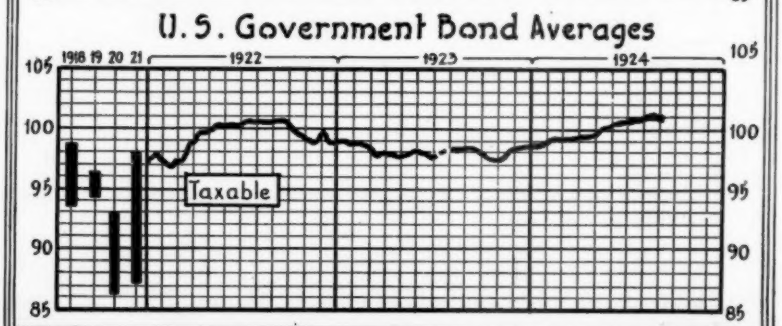
* Yield computed at the asked price.



MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, August 21.....	80.92	104.83	90.93	96.45	95.25	1,012,225
Friday, August 22.......	80.62	103.89	90.10	96.06	94.52	1,071,710
Saturday, August 23.....	80.59	103.51	89.82	95.07	94.32	453,898
Monday, August 25......	80.26	103.52	89.88	95.03	93.56	852,680
Tuesday, August 26......	80.19	103.58	89.81	95.72	94.46	716,819
Wednesday, August 27..	80.20	103.23	89.85	95.41	94.15	717,228
Thursday, August 28.....	80.24	102.67	89.48	94.77	93.80	589,694
Friday, August 29.......	80.36	104.14	89.83	94.96	93.97	756,500
Saturday, August 30.....	80.48	105.16	90.60	95.75	95.07	454,605
Monday, September 2....			HOLIDAY			
Tuesday, September 3...	80.47	104.95	90.58	96.04	95.15	738,553
Wednesday, Sept. 4......	80.42	104.02	90.13	95.52	94.52	721,630





Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	73	— ..
Aeolian Weber	11	— 15
Aeolian Weber pfd. (7)	65	— 68
Allied Packers	6	— 7
Pr. Pfd.	38	— 40
American Arch (5P)	x90	— 96
American Book Co. (7)	111	—113
American Cyanamid (4P)	97	—100
Pfd. (6)	76	— 77
Amer. Thread pfd. (5%)	4	— 4⅛
Amer. Type Founders (7)	106½	—107½
Pfd. (7)	104	—105
Atlas Portland Cement (4)	88	— 93
Babcock & Wilcox (7)	124	—126
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	100	—103
2nd Pfd. (7) G	92	— ..
Borden Co. (8)	128	—130
Pfd. (6)	103	—104
Bucyrus Co.	85	— 88
Pfd. (7A)	99	— ..
Celluloid Co. (6)	58	— 63
Congoleum Co. pfd. (7)	100	—102
Crocker Wheeler	20	— 28
Pfd. (7)	70	— 78
Eisemann Mag. pfd. (7)	42	— 47
Franklin Rwy. S.	83	— 88
Ide (Geo. P.) & Co., Inc.	7	— 10
Pfd. (8)	77	— 80
Jos. Dixon Crucible (8)	133	—138
Ingersoll Rand (8P)	230	—250
Johns-Manville, Inc. (3P)	104	—108
Knox Hat	9	— 11
2nd Pfd.	29	— 33
Pr. Pfd. (7)	80	— 85
Lehigh Port'd Cement (3)	58	— 60
McCall Corp'n	69	— 73
Pfd. (7B)	118	— ..
National Fuel Gas (5P)	107	—110
Nat'l Licorice Co. (5P)	75	— ..
Pfd. (6)	85	— ..
New Jersey Zinc (8P)	162	—167
Niles-Bement-Pond	31	— 35
Pfd. (6)	..	— 75
Phelps-Dodge Corp'n (4)	105	— ..
Poole Engin'g (Maryland):		
Class A	14	— 18
Class B	13	— 17
Purity Baking Co. (3)	45	— 50
Richmond Radiator Co.	15	— 18
Pfd.	85	— 90
Royal Baking Powder (8)	140	—145
Pfd. (6)	99	—101
Safety Car H. & L. (8)	108	— ..
Savannah Sugar (6)	67½	— 71
Pfd. (7)	84	— 87
Sheffield Farms (6)	110	— ..
Pfd. (6)	92	— 95
Singer Mfg. Co. (7)	159	—162
Superheater Co. (K)	102	—106
Technicolor, Inc.	7½	— 8½
Thompson-Starrett (4)	70	— ..
United Bakeries	89	— 91
Pfd. (8)	95½	— 97½
Victor Talking Mach. (8)	127	—133
Ward Baking "A"	100	—110
Ward Baking "B"	23½	— 24
White Rock (K)	11½	— 12¼
2nd Pfd. (5)	61	— 64
1st Pfd. (7)	90	— 94
Yale & Towne (4P)	68	— 70

* Dividend rates in dollars per share designated in parentheses.

A—In arrears 7%.

B—Arrears of 26% being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate on this stock not established.

P—Plus Extras.

x—Ex-Dividend.

Higher-Grade Issues Strong

McCall Corporation, Knox Hat and White Rock Among the More Active Features

OVER-THE-COUNTER stocks were fairly active during the fortnight with continued good demand for issues frequently analyzed here. Among the more conspicuous upswings was a gain of over 10 points in *McCall Corporation* common. The strength here needs no explanation to readers of this department who were long since advised of the improvement in this company's affairs resulting from a substantial increase in its gross business and important operating economies due to the opening of its large new plant. *Knox Hat* isssues were all strong, with interest encouraged by the analysis of this company appearing in the August 30th issue.

American Arch Co., which is shown in our table as a 5% stock enjoying frequent extras, received the regular dividend of $1.25 per share due in September plus an extra dividend of $2 per share. This disbursement brings Arch's dividend payments so far this year up to $7.75 per share and, assuming a December dividend of only $1.25 per share, the payments for the entire year 1924 would be $9 per share.

Increased demand was noted in *White Rock* 2nd preferred, which was quoted 61 @ 64. Strength here is attributable to the company's earnings results and the belief that, with its working capital requirements as low as they are, extra payments on the common and 2nd preferred will be warranted this year. As pointed out here before, White Rock 2nd preferred is a participating issue, sharing with the common in additional disbursements.

SHOULD AMERICANS INVEST IN EUROPEAN BONDS?

(Continued from page 762)

justments as the other nations agree upon, now that they have ratified the general scheme.

After all, the chief interest in this whole situation from the standpoint of the average man is not in the technique of the proceedings, but is found in the plain question whether the average American who has some savings ought to buy the new bonds when placed on the market. It may of course be assumed that these bonds, when offered, will be issued under some carefully prepared and digested scheme whereby the general interests of the prospective investor will, certainly for the early period after the issue, be protected. But the real question of the safety of the bonds or the wisdom of investing in them is a much larger one; and depends entirely on the prospects of a general restoration of European stability; and, as a result, of European trade. This in turn depends on the outcome of the new loan, the trade treaty negotiations of France and Germany and other factors of like sort.

Thus far, there is little in the negotiations to promise any real assurance of the creation of satisfactory economic conditions. The prospect appears to be simply that such securities as are offered will be put before the American public under circumstances which are much the same as those that have controlled in connection with past issues of government obligations. Of course, this leaves the investor to "hold the bag" unless the Washington Government definitely assumes some responsibility in the matter. This it has not done, and apparently has little intention of doing in any open fashion judging from what is understood of the attitude of Washington authorities. Englishmen do not like the suggestion, several times put forward, that the Government of Great Britain guarantee the new loan to be made for the purpose of carrying out the "Dawes plan," as they joined in guaranteeing the Austrian loan. But, even if their scruples on the subject should be overcome, so that they consent to some plan of guarantee, this merely relates to the proposed "Dawes plan" loan, whereas what is wanted and needed is a situation that will permit the continuous borrowing of money in a way to bring about the return of capital and of gold from the United States to Europe.

There is seemingly nothing now in sight that will bring any such conditions into existence, unless they may be regarded as the slow ultimate result of such improvement as may come from the working of the "Dawes plan." The net result of the whole matter is that Americans are not likely to find themselves in position, at any early date, to buy freely of securities or to commit themselves readily or largely in European enterprises unless they are willing as individuals to carry a serious risk in which they ought to have governmental aid.

(Please turn to next page)

Municipal Bonds

Suitable for Bank Investments

HIGHER-GRADE MUNICIPALS

		Rate Interest	Maturity	Approximate Yield
N	Cleveland, Ohio	4¾	1933-39	4.15
	Winston Salem, N. C.	4¾	July 1936	4.45
N	Minnesota	4¼	June 1954	4.15
N	Minnesota	4½	June 1954	4.15
N	Minnesota	4¾	Dec. 15, 1943	4.15
N	Los Angeles	4¾	July 1931-34	4.35
N	Illinois	4	March 1941-44	4.05
	Kansas City, Mo. ....Sch. Dist.	4½	Jan. 1943	4.20
	Galveston, Texas	5	1953-61	4.90
	Kansas City, Mo. ....Sch. Dist.	5	Jan. 1941	4.25
N	Dallas, Texas	5	May 1955	4.40
N	Cincinnati	4½	Oct. 1963	4.10
	St. Joseph, Mo.	5	May 1932-34	4.25
N	Detroit, Mich.	4½	June 1940-48	4.20
N	Kansas	4½	July 1934-50	4.05
N	Cleveland, Ohio	5	Dec. 1945	4.15
N	Los Angeles	5	1935-63	4.35
	Denver ....Sch. Dist.	4½	Jan. 1945-47	4.20
	Portland, Ore.	4	1935-49	4.25
	Norfolk, Va.	6	March 1951	4.55
N	Mississippi	4¾	May 1942-49	4.25
N	South Dakota	6	Sept. 1941	4.70
N	North Dakota	5	1944 & 49	4.60
N	Dallas, Texas	4½	1952-59	4.30
N	Detroit, Mich.	5	Dec. 1938	4.25
N	Jacksonville, Fla.	5	1937-38	4.35
	Norfolk, Va.	4	Jan. 1937-39	4.37
	Norfolk, Va.	5	1952	4.50
N	Detroit, Mich. ....Reg.	5½	Jan. 1942-45	4.35
N	Rochester, N. Y. ....Reg.	4	Feb. 1943	3.90
N	Trenton, N. J.	4½	July 1945	4.05
N	Alabama	4½	Dec. 1936	4.25
	New Orleans, La.	4	July 1950/42	4.35
N	Richmond, Va.	4½	July 1958	4.15
N	Detroit, Mich.	4¼	Dec. 1939	4.15
	Memphis, Tenn.	5	July 1951-55	4.45
	Omaha, Nebr.	5	March 1936	4.30
N	Westchester County, N. Y.	4¼	June 1947	3.95
N	Denver, Colo.	4½	Jan. 1944	4.12
	Greensboro, N. C.	5	Jan. 1947-64	4.55
N	Albany, N. Y.	4	June 1929-38	3.90
N	Albany, N. Y.	4	June 1945-64	3.85
N	Youngstown, Ohio	6	Oct. 1933-34	4.50
	Charleston, S. C.	4½	Jan. 1962/42	4.35
N	West Virginia	4½	Apr. 1937	4.15
N	Illinois	4½	1931	4.05
	Miami Conservancy	5½	Dec. 1930-49	4.50
	Newcastle County,, Del.	5½	July 1937	4.37
	Jackson, Miss.	5½	1932-34	4.75
N	Mercer County, N. J.	4½	July 1937	4.12
N	San Francisco	5	March 1963	4.35
N	South Dakota	5½	Dec. 1939	4.60

N—Legal for Savings Banks in New York State.

The public, both in Europe and in the United States, obviously is heartily tired of hearing about the war debts; and there has been a good deal of disposition to act and talk of late as if these obligations and the problems that grow out of them might safely be ignored. The recent conference, and the attitude of the various countries, have clearly shown how impossible it is to act as if the debt question did not affect private obligations but could be neglected. As a matter of fact, there never was a time when more necessity existed for some careful readjustment of the debt question in order that the average American may be able to judge with more accuracy of the probability of stability or irregularity, as the case may be, in exchange. British exchange is now rising and gives many indications of continuing the movement; French is moving in the opposite direction, and appears likely to go further downward, except as it may be "stabilized" by artificial means.

British authorities fully expect a development of inflation in the United States, with higher commodity prices, and are shaping their policy accordingly. The exchange situation absolutely prevents any rational or safe development of international trade; and it cannot be corrected until there is a definite assurance that no new line of action is likely to be adopted by the various countries through some change in debt policy.

Course of Action to Be Pursued

The course of action to be pursued by the careful and wise investor in the United States is thus far from being an easy one. His general or national interest prompts him to buy freely of European securities; while his local and individual interest is against such action. The step thus indicated to him is accordingly that of insisting that his government create safe conditions that will permit him to enter the tempting and profitable field of European investment, without being subject to the unnecessary and artificial risks of exchange and of hostile political action against which he has no means of protecting himself. This defers the time when real restoration of business will occur as well as the date when the promising opportunities of European investment can be availed of. Meanwhile the situation is one that re-

uires much caution on the part of the American investor and should prevent him from committing himself very heavily either in old European bonds now on the market or in new securities such as may be offered, pending positive information regarding, and satisfactory protection of, their inherent value.

ELEVEN WELL FINANCED OIL COMPANIES

(Continued from page 791)

The oils have been laggards in a strong, bull market. But the reason is apparent from the foregoing remarks. Several important companies have been forced to reduce or pass dividends and others have taken advantage of cheap money to finance against future needs. Whether we will enter into a period of price readjustments or not this Fall, one is not warranted in taking a pessimistic, long-range view of the industry. Consumption is a factor which can be depended upon to steadily increase and the "downs" of the industry provide opportunities for the shrewd investor. But he must have in mind, against the day of oil bargains, those companies which are in the best position to withstand depression and to profit from the upward movement which is bound to follow. All the companies mentioned in the accompanying table appear to be in excellent financial shape and worthy to be considered as purchases when the psychological moment is at hand.

Important Dividend Announcements

Note—To obtain a dividend directly from the company, the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Annual Rate		Amount Declared		Stock Record	Payable
$6	Am Loco cm......	$1.50	Q	9-12	9-30
7%	Am Sugar Ref pf..	1¾%	Q	9- 2	10- 2
9%	A T & T cm......	2¼%	Q	9-20	10-15
6%	Am Expres Co cm.	1½%	Q	9-11	10- 1
20%	Bankers Tr Co stk	5%	Q	9-15	10- 1
8%	Bor Scryms Co cm	4%	S	9-20	10-15
	Bor Scrym (extra)	2%		9-20	10-15
8%	Beth Steel pf......	2%	Q	9- 2	10- 1
7%	Beth Steel pf......	1¾%	Q	9- 2	10- 1
4%	Cambria Ir'n Co cm	2%	S	9-15	10- 1
7%	Calif Pet pf.......	1¾%	Q	9-20	10- 1
$12	Draper Corp	$3	Q	9- 6	10- 1
$4	Fed Lt & Trac....	$1	Q	9-15	10- 1
$6	Foundation Co. ...	$1.50	Q	9- 2	9-15
$4	Gt Atl & Pac Tea.	$1	Q	9-10	9-15
$7	Mack Tks pf (1st)	$1.75	Q	9-15	9-30
$7	Mack Tks pf (2nd)	$1.75	Q	9-15	9-30
$6	Mack Trucks cm..	$1.50	Q	9-15	9-30
$4	Man Elec Sup cm..	$1	Q	9-20	10- 1
16%	National City Bank	4%	Q	9-15	10- 1
8%	National City Co pf	2%	Q	9-15	10- 1
	N City Co pf (extr)	2%		9-15	10- 1
8%	P S C of N J pf..	2%	Q	9-12	9-30
7%	P S C of N J pf..	1¾%	Q	9-12	9-30
$4	P S C of N J....	$1	Q	9-12	9-30
6%	Tri-City Ry & Lt pf	1½%	Q	9-20	10- 1
$6.50	United L & P pf	$1.63	Q	9-15	10- 1
$4.00	United L & P pf	$1	Q	9-15	10- 1
$1.60	United L & P cm.	$0.40	Q	10-15	11- 1
7%	Western Electric pf	1¾%	Q	9-18	9-30

THE EFFECT ON BUSINESS OF THE ELECTION OF COOLIDGE, DAVIS OR LA FOLLETTE

(Continued from page 757)

"Every Level-Headed Business Man Knows That Coolidge's Election Will Be Good for Business."

—W. T. GALLIHER.

IT is well known that a majority of business men are Republicans. In the North they vote the Republican ticket; in the South they vote the Democratic ticket and hope their votes won't count. That indicates what most business men think in their hearts about what will be the effect of the election of Mr. Coolidge on business and investments. Deep down in their hearts, if I may put it that way, that's how the overwhelming majority of our people always think, but sometimes they vacate their mature judgment and yield to caprice. I venture to say that even then they sigh with relief when they wake up the morning after election and read that the G. O. P. has carried the country.

Every level-headed man knows that Coolidge's election will be good for business, and what's good for business is good for investments in business. Business is somewhat in the doldrums now, largely because this is a presidential year, and in such a year there is always a chance that our mercurial American people will do the wrong thing politically, and by the same token the wrong thing for business. If people had a guarantee that Mr. Coolidge would be the next president, with a strongly Republican Congress behind him, business would be throbbing right now. But there is no such guarantee, so we mark time until election day. If Mr. Coolidge wins, and I haven't a doubt myself but that he will, the ink will still be wet on the extras announcing his victory when business revives.

Now why is it that a Republican victory will mean good times? In the first place the Republican party is hard-headed, practical, businesslike. The Republican party is not given to cheap emotionalism and sentimental fads. It never forgets that the United States is the most comfortable place in the world, and it thinks more about keeping the boat on an even keel and moving steadily along, rather than experimenting with new-fangled panaceas that are guaranteed to bring the millennium. It is the Republican party's policies of tariff protection, sound money, economical government, minimum taxation, a vigorous pro-Americanism in foreign relations, non-interference with private business and a strong government that has made this country what it is. Our resources had something to do with it, but look around and see what a muddle government has made of economics in some of the other new countries of the world.

The Republican party is the only truly national party. It serves no section and

no special interest, but it does seek to serve the whole economic welfare of the American people. The tariff is beneficial in the aggregate, and the free list as well as the dutiable list is adapted to the needs of the farmers, industry and trade. A protective tariff on manufacture and competitive agricultural products is needed in these times of cheap labor and cheap money abroad, more than ever, to safeguard our industries and our labor. The fact that Europe owes us vast sums gives no color to the argument that we must accept their manufactures in payment or go unpaid. The balance of trade is always against us in the tropics and in some other regions, and triangular commerce affords the means of settling trade balances in our favor. Our protective tariff system is the very foundation of our prosperity, for it keeps the home market for our own capital and labor, admits what we need in the way of raw materials and thereby creates a foreign market for what we desire to sell.

William T. Galliher is a lumber dealer, a director of a Washington bank and a capitalist with many investment connections.

Everybody knows that if Mr. Coolidge is elected this country will be prosperous. There will be no legislative foolishness at Washington to frighten capital, discourage business adventure and terrify savers and investors into wasters and spenders. It will be easier to make a dollar and more prudent to save it. Everybody will feel safer in his industry and more secure in his property. On the other hand, if my good friend La Follette is elected, the country—at least the saving and investing part of it—will be intimidated. Nobody will dare to make a move. Everybody will be cautious, money will be shy, business will furl its sails and head into the wind. If he undertakes to carry out his program, the reality will be worse than the apprehension. That means four years of the business at the irreducible minimum.

If Mr. Davis should win we know we will get another paralyzing Underwood tariff, with closed factories, unemployment, bread-lines and business retrogression.

I am for Coolidge because I am a Republican, but if I weren't I should surely be for him this year because I am a business man desirous of seeing my affairs prosper and my investments fruitful. I should also be for him because I think that at this juncture in domestic and foreign affairs we are in special need for a strong government—one that will rise above blocs, sectionalism, sentimental fadism and the innumerable cliques and

groups that are trying to get something out of the government instead of putting something into it.

"The prosperity of the American Nation," says our platform, "rests on the vigor of private initiative. . . . The Republican party stands now, as always, against attempts to put the government into business." There is talisman of business prosperity. Compare it with the inability of the Democrats to put business methods into government, and the blind faith of the La Follette followers in the power of law or economics.

A business man judges other business men by their records. Why shouldn't he judge political parties in the same way? The business man or investor who makes a calm appraisal of that sort of the three parties now in the field will have no doubt as to what will happen to business, according to the winner. Have you noticed that the Democrats always find a plethoric treasury and prosperity when they come into power; and always leave behind a deficit and depression or panic when they go out? Do you remember that when Mr. Harding took office in 1921 there were 5,000,000 men out of work, that industry, commerce and agriculture were stagnant, that dividends were scarce and meager and bonds defaulted, that our national fiscal position was appalling, that government bonds were at a discount and federal taxation intolerably burdensome. What a change in four years! Why start all over again?

"The Safest Present Course for Business Is to Insure the Election of Mr. Davis."

—DANIEL C. ROPER.

THE Republican philosophy of the relation of government to business is that if government is so conducted as to nourish, foster and protect the economically dominant groups of society the benefits that are conferred on them will automatically reach individuals throughout our social structure.

The Democratic theory, on the contrary, addresses itself primarily to the individual. It holds that the economic incidence of government must be so shaped as to benefit the individual certainly and directly. It infers that subsequently all will be well with the economic instrumentalities the individuals avail themselves of. Lincoln stood for a government by, for and of the people; and we Democrats hold that that applies just as fully when government impinges on business as when it remains purely political.

The Republican theory is essentially a class and aristocratic conception of government, and must, therefore, always be in peril. Sooner or later, any special advantage that comes to business as such from the placing of the Republicans in power necessarily will be swept away. On the other hand, with the Democrats

administering the government with men—human beings—as the primary object of any benefits that government may work the commercial and industrial fabrics men may rear, are on solid rock. They will not be shored up and braced by special favors and discriminatory privileges, and will be in no danger of destruction through the violent removal of these supports.

The Republican philosophy of government may make for artificial, ephemeral and unbalanced prosperity, but it is not profound or fundamental. It starts at the end instead of the beginning, at the top instead of the bottom, with legal and commercial entities instead of with men, with the creatures of men instead of with men themselves.

> ***Mr. Roper Was Collector of Internal Revenue under Woodrow Wilson. He numbers many important corporations among his clients.***

Let us take the transportation problem as an example. The Republicans always approach it from the side of the corporations. They propose first to see that traffic rates are such that railway operation will pay handsomely. They blandly assume that all will be well with shippers, consignees and the general public if all is well with the railway budgets. The Democrats, on the other hand, instinctively approach the problem from the standpoint of the citizen. Transportation that is reasonably cheap, efficient and adequate is necessary to his prosperity. So, they say, let us arrange a rate structure that will be equitable and helpful to business in general; and then consider fairly the effect on the finances of the railways. Now that does not mean government ownership of the railways nor their undoing, but only that the proper function of transportation shall receive the first consideration; that men rather than their creatures shall have the preference. That is justice, and permanent prosperity must be built on social justice.

In addition to the handicap of a class political philosophy which is always self-destructive in a democracy, Mr. Coolidge is by inheritance and association a sectional product. He is unable to get away from the New England view of national policies. He does not and probably cannot understand the views and needs of the agricultural regions and classes of our country. It is not possible for him to understand what a direct detriment a high protective tariff is to the economic well-being of half our population and consequently to the whole of it. He cannot grasp the transportation problem in its national import.

Owing to the shell-shock from which

the world has suffered since the Great War the danger of wild reactions from a government for favored interests is now greater than it has ever been. The election of Mr. Coolidge now, will undoubtedly be the prelude to the success of a radical party in 1928.

If American business men would like to have for four years what British business men now have on their hands, let them vote for Mr. Coolidge. From a government that specially favors the great property interests there will be a smashing reaction that will swing to the opposite extreme. I need not dwell on what a nationalizing and avowedly anti-business administration would do to property values and investments. Wall Street and security investors may bask in a little more sunshine for a while if Coolidge is elected, but they will get very wet and cold later.

Under Democratic rule business and investments will get precisely what is their due as they reflect the welfare of the individual. They may not have a boom born in special favors, but neither will they encounter a crash of like origin. For the sure and safe future the business man and the investor will support the Democratic party—and that is what he ought to do simply as a democrat with a small d.

You would be surprised at how many men of great wealth and key positions in Wall Street and elsewhere do entertain the Democratic view, whether they call themselves Democrats or Republicans. It is one of the most refreshing things in American life that so many of our industrial and financial leaders remain thoroughgoing democrats, even if they do not spell it with a capital D. That's one reason why we Democrats always vote more people than we register.

Nor is it only a question of four years hence. A menacingly radical party is already in the field in force. The safest present course for business is to support a responsible liberal and progressive party, and use its influence and votes to insure the election of Mr. Davis and a strongly Democratic Congress.

ANSWERS TO INQUIRIES

(*Continued from page* 798)

GREENE CANANEA COPPER COMPANY

High Cost Producer

Please give me your opinion regarding Greene Cananea. The copper situation is fairly clear to me from your recent reviews in your Business Tendencies Department, which I have found very accurate and valuable, but I am uncertain as to the Mexican situation and its bearing on Greene Cananea's operations.—J. V. K., San Francisco, Cal.

The political situation in Mexico has recently been such as not to interfere with the operation of Greene Cananea, and it appears now that the company will not have much trouble from this source unless there is a decided change in the Mexican situation. We are not impresed with the stock, however, as the company is a very high cost producer. In 1923 the cost of

producing copper was 14½ cents and with the metal selling under 13 cents there is no profit for the company even if it succeeds in bringing about some reduction in cost. In our opinion you would be better off with a stock like Mother Lode Coalition paying 75 cents a share per annum and selling around 8. Mother Lode is one of the lowest cost producers of copper in the world and even with the red metal at present low levels is making enough money to warrant continuance of the present dividend rate. With the metal at higher levels, Mother Lode can pay more liberal dividends, the dividend rate in 1923 for example having been $1 per share.

INTERNATIONAL COMBUSTION ENGINEERING

A Growing Business

I have been told that International Combustion Engineering is building up a very good business in fuel saving devices and that the company has a future. Would like you to give me a little information about the company and your opinion of its stock.—A. M. T., Scranton, Pa.

International Combustion Engineering is engaged in the business of manufacturing and selling automatic stokers and accessories and fuel burning and heating devices of all kinds. The company has perfected what is known as Lopulpo system for burning coal in pulverized form. By the use of pulverized coal the fuel cost to industrial and power plants employing this system is substantially reduced. Recently the U. S. Patent Office rendered a decision in favor of the company involving basic features of pulverized fuel combustion. This places the company in a strong position in this industry. While the company only covered its $2 dividend rate with a small margin in 1923, orders are on a much larger scale this year and earnings have improved. Recent formation of subsidiaries to develop the foreign field should further increase business. The company is in an excellent field for future expansion and we consider the stock to have attractive long-pull possibilities.

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BUILDING YOUR FUTURE INCOME

Dividends

New York, September 3, 1924.
To the Holders of Prior Preference, Preferred and Common Stocks of

Pere Marquette Railway Company

The Board of Directors of Pere Marquette Railway Company, at a regular meeting of said Board held September 3, 1924, declared dividends as follows:

On 5% PRIOR PREFERENCE STOCK—a quarterly dividend of $1.25 per share (1¼%).

On 5% PREFERRED STOCK—a quarterly dividend of $1.25 per share (1¼%), both payable November 1, 1924, to stockholders of record at the close of business on October 15, 1924, without the closing of the Transfer Books.

On COMMON STOCK—a quarterly dividend of $1.00 per share (1%), payable October 1, 1924, to stockholders of record at the close of business September 15, 1924, without the closing of the Transfer Books.

E. M. HEBERD, Secretary.

THE WEST PENN COMPANY

New York, N. Y., September 3, 1924.

The Board of Directors of The West Penn Company has today declared quarterly dividend No. 7 of One ($1) Dollar per share, payable upon the Common Capital Stock of the Company on September 30, 1924, to stockholders of record at the close of business on September 15, 1924.

C. C. McBRIDE, Treasurer.

Dividends

American Woolen Company

(Massachusetts Corporation)

QUARTERLY DIVIDEND

Notice is hereby given that the regular quarterly dividend of One Dollar and Seventy-Five Cents ($1.75) per share on the Preferred Stock of this Company will be paid on October 15, 1924, to stockholders of record September 15, 1924.

Transfer Books for Preferred Stock will be closed at the close of business September 15, 1924, and will be reopened at the opening of business September 26, 1924.

WILLIAM H. DWELLY, Treasurer.
Shawsheen Village, Andover, Mass.,
September 4, 1924.

INTERNATIONAL BUSINESS MACHINES CORPORATION

50 Broad Street, New York, N. Y.

The Board of Directors of this company has today declared a quarterly dividend of $2.00 per share, payable October 10, 1924, to stockholders of record at the close of business on September 23, 1924. Transfer books will not be closed.

W. F. BATTIN, Treasurer.
August 26, 1924.

IDEAS SERVICE COMMODITIES

THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

MEN AGENTS BUSINESS OPPORTUNITIES

Business Opportunities

INVESTORS

Why not invest part of your capital in new or going businesses where you can obtain official connection and reap the benefits? You can be either an active or inactive associate and grow with the business. The small business of today will be the big business of tomorrow. We are in position to furnish interests in many lines of industry.

PERSONAL FINANCE & SERVICE EXCHANGE, Inc
141 Broadway, New York

Stocks & Bond Issues Marketed. Reorganizations, consolidations. We employ every successful method known in money raising. Lebrecht Co., Waco, Texas.

Capital Secured. Corporations organized and financed. Blanchet & Company, 347 5th Ave., New York.

Books for Sale

"OPTIMISTIC MEDICINE" (325 PAGES, $3.00). Describes relations with Family Physician to secure best results. 10 days' approval. F. A. Davis Co., Pub., 1916 Cherry St., Philadelphia, Pa.

Dividends

The United Gas and Electric Corporation

111 Broadway, New York

July 24, 1924.

The Board of Directors this day declared a quarterly dividend of 1¼% on the Preferred stock of the Corporation, payable **October 1, 1924,** to stockholders of record on September 16, 1924.

Upon presentation and surrender of their respective shares of first preferred stock of the former The United Gas and Electric Corporation and/or scrip certificates of the Corporation issued for fractional shares of preferred stock, after the close of business on September 16, 1924, there shall be paid said quarterly dividend to the holders of such shares of first preferred stock and said scrip certificates, upon the full shares of preferred stock issuable to them on such surrender and exchange, together with dividends thereon at the rate of 5% per annum for the period from July 20, 1923, to July 1, 1924.

J. A. McKENNA, Treasurer.

CLUETT, PEABODY & CO., INC.

Preferred Stock Dividend No. 47

The Board of Directors has declared a quarterly dividend of One Dollar and Seventy-five cents per share on the Preferred Stock of the Company, payable October 1, 1924, to Stockholders of record at the close of business September 20, 1924. Checks will be mailed by the Irving Bank-Columbia Trust Company.

D. A. GILLESPIE, Treasurer.

Troy, N. Y., September 3, 1924.

LOEW'S INCORPORATED

"Theatres Everywhere"

September 3, 1924.

The Board of Directors has declared a quarterly dividend of fifty cents per share on the Capital Stock of Loew's Incorporated, payable September 30, 1924, to stockholders of record at the close of business September 13, 1924. Checks will be mailed.

DAVID BERNSTEIN, Treasurer.

American Telephone and Telegraph Company

140th Dividend

The regular quarterly dividend of Two Dollars and Twenty-Five Cents per share will be paid on Wednesday, October 15, 1924, to stockholders of record at the close of business on Saturday, September 20, 1924.

H. BLAIR-SMITH, Treasurer.

Charters

DELAWARE Incorporator; charters; fees small; forms. Chas. G. Guyer, 901 Orange St., Wilmington. Del.

Dividends

CRANE CO.

RESOLVED, That a quarterly dividend of one and three-fourths per cent (1¾%) on the Preferred Stock and one and one-fourth per cent (1¼%) on the Common Stock be, and the same hereby is declared, payable September 15, 1924, to stockholders of record August 30, 1924.

RESOLVED, That a stock dividend of ten per cent (10%) on the Common Stock of this Company be and the same is hereby declared, payable on September 20th, 1924, to the holders of the Common Stock of the Company in proportion to their respective holdings of said stock of record at the close of business on September 15th, 1924, in Common Stock of the Company, at par, so far as the same can be paid in full shares, and the balance thereof payable in cash to the extent of the par value of the fractional shares which such stockholders would otherwise have been entitled to receive had this dividend been payable in fractional shares.

H. P. BISHOP, Secretary.

August 19, 1924.

UNITED FRUIT COMPANY

Dividend No. 101

A quarterly dividend of two and one-half per cent (two dollars and fifty cents per share) on the capital stock of this Company has been declared payable on October 1, 1924, to stockholders of record at the close of business September 6, 1924.

Dividend No. 102

A quarterly dividend of two and one-half per cent (two dollars and fifty cents per share) on the capital stock of this Company has been declared payable on January 2, 1925, to stockholders of record at the close of business December 6, 1924.

C. B. TAYLOR, Treasurer.

Phillips Petroleum Company

120 Broadway, N. Y.

The regular quarterly dividend of 50c per share has been declared on the capital stock of this company, payable October 2nd, 1924, to stockholders of record September 17th.

H. E. KOOPMAN, Secretary.

McCALL CORPORATION

New York, N. Y., September 3, 1924.

The Board of Directors has declared a regular quarterly dividend of $1.75 per share on the First Preferred Stock and a further dividend of $3.50 per share on the deferred dividend account, payable October 1st, 1924, to holders of record September 15th, 1924.

J. D. HARTMAN, Treasurer.

AMERICAN SAFETY RAZOR CORPORATION

Brooklyn, N. Y., August 26, 1924.

The Board of Directors of the American Safety Razor Corporation has this day declared a semi-annual dividend of one per cent (1%) (twenty-five cents per share) on the capital stock of the Company, payable on October 1, 1924, to Stockholders of record at the close of business September 10, 1924.

The Transfer Books will not be closed.

J. B. MESQUITA, Treasurer.

THE DETROIT EDISON COMPANY

60 Broadway

New York, September 8, 1924.

A quarterly dividend of TWO PER CENT. (2%) upon this Company's capital stock will be paid on October 15, 1924, to stockholders of record at the close of business on September 20, 1924. The stock transfer books of the Company will not be closed.

J. F. FOGARTY, Secretary.

CHEVROLET

The Future of A Chevrolet Dealer Is Assured

Chevrolet has a brilliant future.

With the vast resources of General Motors, its tremendous purchasing power, its skilled personnel, and the great General Motors Laboratories, certainly this organization is well equipped to lead automotive progress for years to come.

And all these advantages are constantly available to Chevrolet.

Chevrolet is always equipped to build a superior car—a car not only of high quality, but a quality car at a low price.

Thus Chevrolet leadership is and will be maintained. Thus the continued and increasing prosperity of Chevrolet dealers everywhere is assured.

CHEVROLET MOTOR COMPANY, DETROIT, MICH.
Division of General Motors Corporation

Superior Roadster	$495
Superior Touring	510
Superior Utility Coupe	640
Superior 4-Pass. Coupe	725
Superior Sedan	795
Superior Commercial Chassis	410
Utility Express Chassis	550

Prices f. o. b. Flint, Michigan

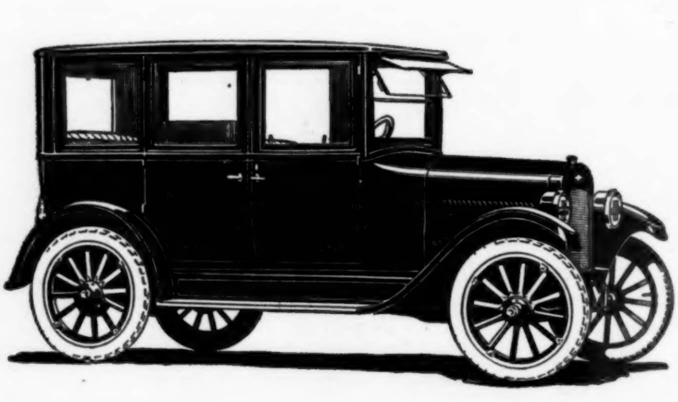
for Economical Transportation

CHEVROLET

PRICES OF DE LUXE MODELS

De Luxe Touring	$640
De Luxe Coupe	775
De Luxe Sedan	940

Prices f. o. b. Flint, Michigan



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